



Department of the Army Installation Management Agency

Army Performance Improvement Criteria (APIC) and Strategic Planning Training



Course Objectives—The Week Ahead

First and Last Part of Week

- Introduction to the 2005 APIC
- Improved ACOE and APEA Processes—Efficiencies, Downselect, Judging

Middle Part of Week

- Top Level Introduction to the IMA Strategic Planning Process
 - Standardized Planning Approach
 - Revisions to IMA Strategic Direction
 - Alignment of Installation Strategic Plan to IMA's Strategic Plan
 - Planning Process—Inclusive and Integrated
- Will Provide Initial Training on Integrated Approach
- Tools for Planning, Decision Making, and Prioritizing

Desired Outcomes:

- People aware of APIC integrated management system and supporting tools; able to communicate benefits to Installation leaders and staff (getting better is not an option)
- People ready to plan—aware of planning process model and tools

Introductions

Your name

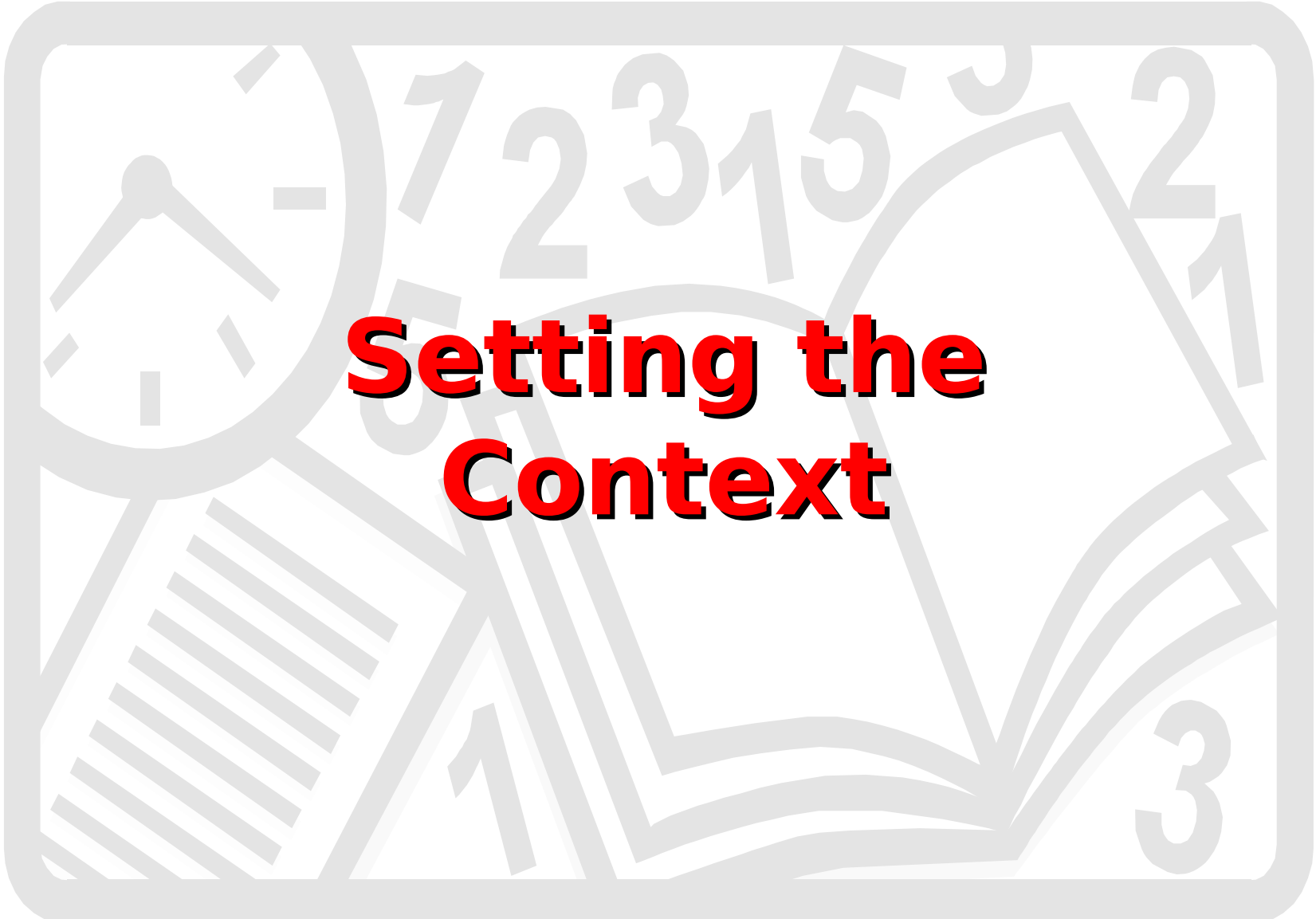
Organization/Responsibility

**Prior Experience with APIC, ACOE,
Baldrige, Planning**

Your Expectations

**Use Post-It notes to record
your questions and
expectations.**

**Please put one comment or
question per note.**

The background features a light gray illustration within a rounded rectangular frame. On the left is a clock face with hands. Scattered across the top and right are various numbers (1, 2, 3, 5). At the bottom is an open book with pages fanning out. The text 'Setting the Context' is centered over this graphic.

Setting the Context

Given constraints, which all people and organizations face, what makes some better than others?

What makes some thrive and others struggle?

What separates the best from the rest?

**The pace at
your
organization?**





Why Are We Forced to Change?

- **Knowledge Causes Expectations to Change**
- **Unmet Expectations Promote Competition**
- **Competition Forces Change...Or Elimination**

Consider the Pace of Change

100

5

38



18

11

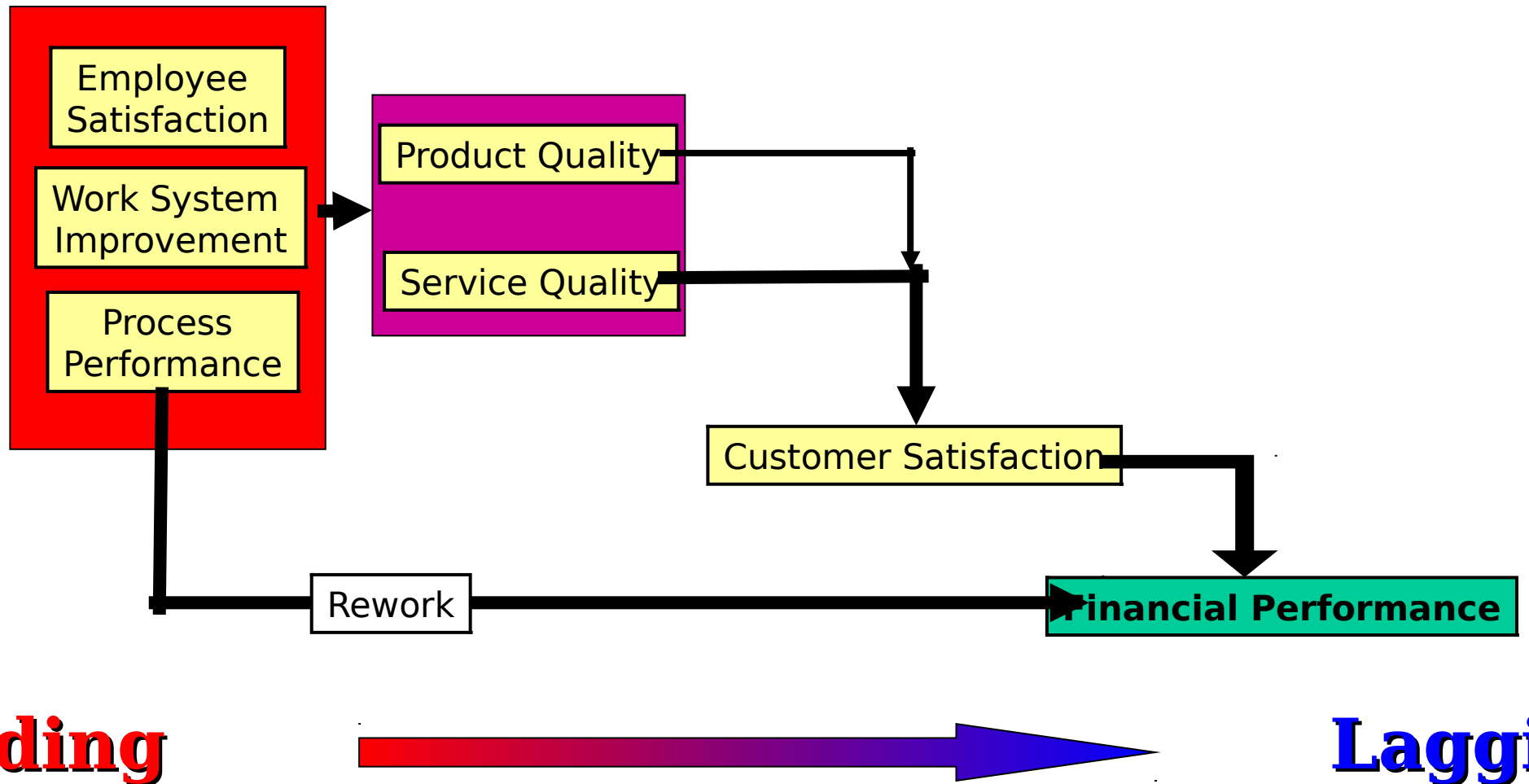
Research Validates Criteria

- Increased **employee satisfaction** leads to **higher performance**.
- **Customer satisfaction and financial performance** is driven by **product quality**. **Product quality** is correlated with and driven by **employee satisfaction, work system improvement, and process performance**.
- **Service quality** is correlated significantly with **customer satisfaction**. On-time delivery dominates the relationship.
- **Financial performance** is driven by or depends upon **productivity, market performance, work system improvement, and product quality**.
- Rework and scrap (waste) significantly affect **financial performance**.

Validating Key Results Linkages in the Baldrige Performance Excellence Model

by James R. Evans, University of Cincinnati, and Eric P. Jack, University of Alabama, Birmingham
Quality Management Journal Volume 10 • Issue 2 • April 2003

Leading and Lagging Indicators



Leading

Lagging

Remember, that even in the best
organizations ...

...not everything works as intended.

- As of tomorrow, employees will only be able to access the building using individual security cards. Pictures will be taken next Wednesday, and employees will receive their cards in two weeks. (Microsoft)
- What I need is a list of specific unknown problems we will encounter. (Lykes Lines).
- E-mail is not to be used to pass information or data. It should be used only for company business. (Electric Boat Co.)

- Teamwork is a lot of people doing what I say. (Citrix Corp.)
- Doing it right is no excuse for not meeting the schedule. No one will believe you solved this problem in one day. We've been working on it for months. Now, go act busy for a few weeks and I'll let you know when it's time to tell them. (3M Corp.)
- We know that communications is a problem but the company is not going to discuss it with employees. (AT&T Long Lines).

Exercise #1—What Worked and What Didn't

Objective: 20 minutes

- Develop an understanding of various techniques to improve performance and the strengths and limits of them.

Assignment:

1. Within your team, develop a list of management techniques, processes, programs, and initiatives you have experienced in your work here or elsewhere.
2. For each, describe what was involved and what the technique was supposed to do.
3. Indicate whether the technique worked or not and why.
Complete the table on the next page **using transparencies**.
4. Be prepared to brief the class on your analysis. We will also make reference to this analysis throughout the workshop.

The results will be discussed and referenced during the training class.

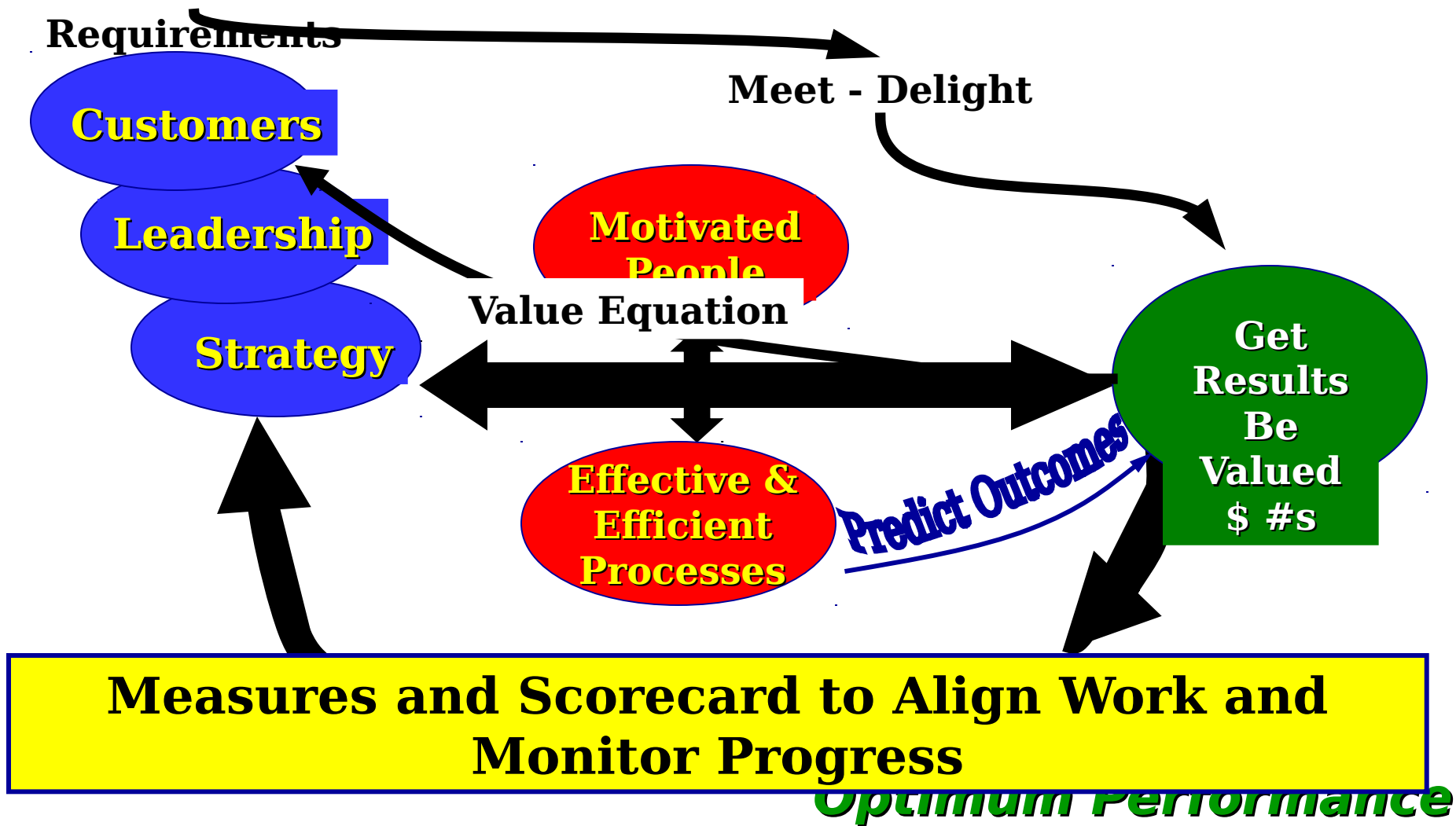
Name of Improvement Technique and When (Year) It Was Introduced	What It was Intended to Do to Improve Performance?	Did it Work? Why or Why Not. (Be specific.)

**Understand and Be Able to
Explain the APIC/Baldrige
Performance Excellence
System**

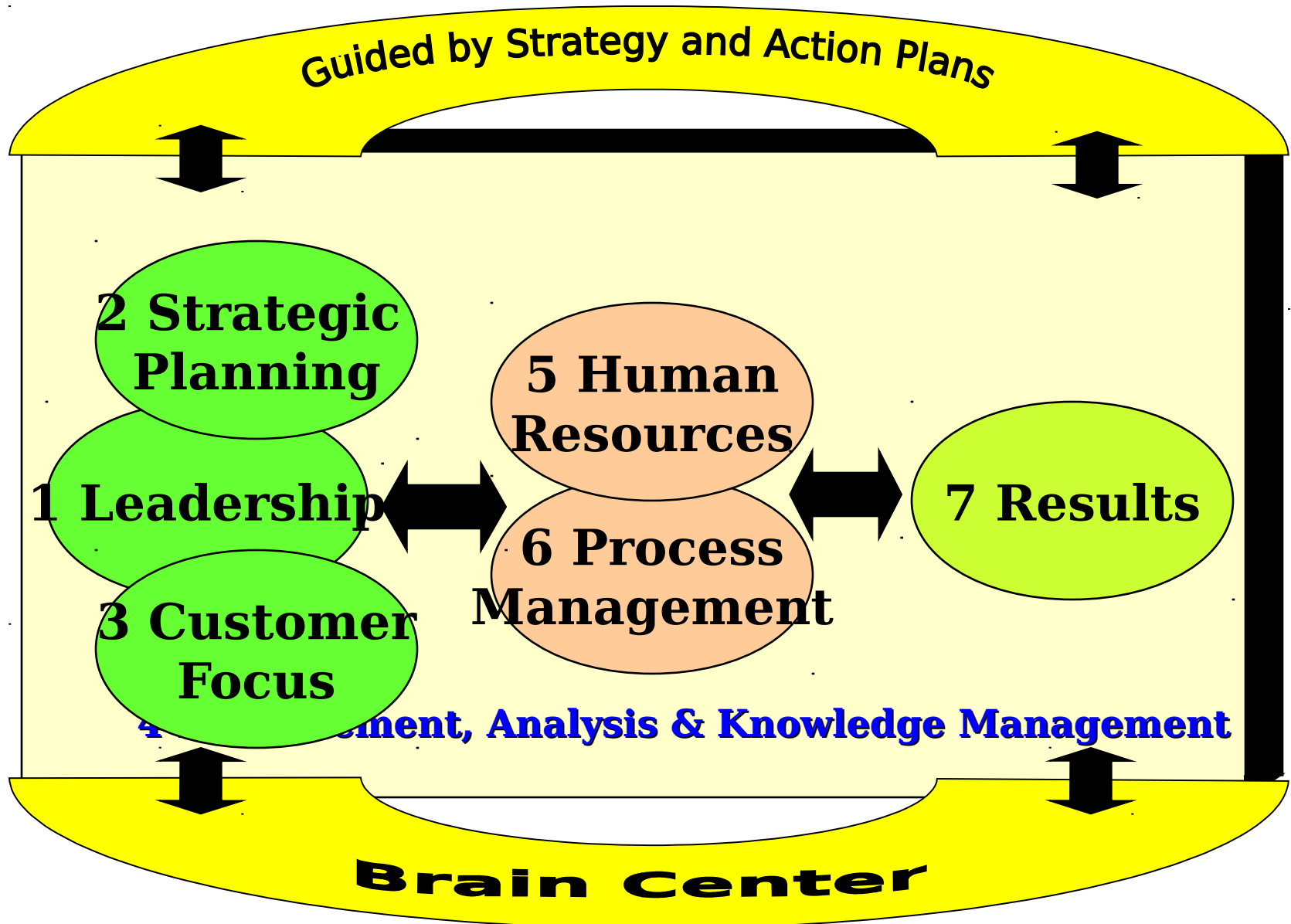
Why APIC/Baldrige?

- The APIC/Baldrige Criteria are not based on theories of the how organizations ought to run to perform well.
- They are based on a factual compilation of the management practices shared by the world's top performing organizations.

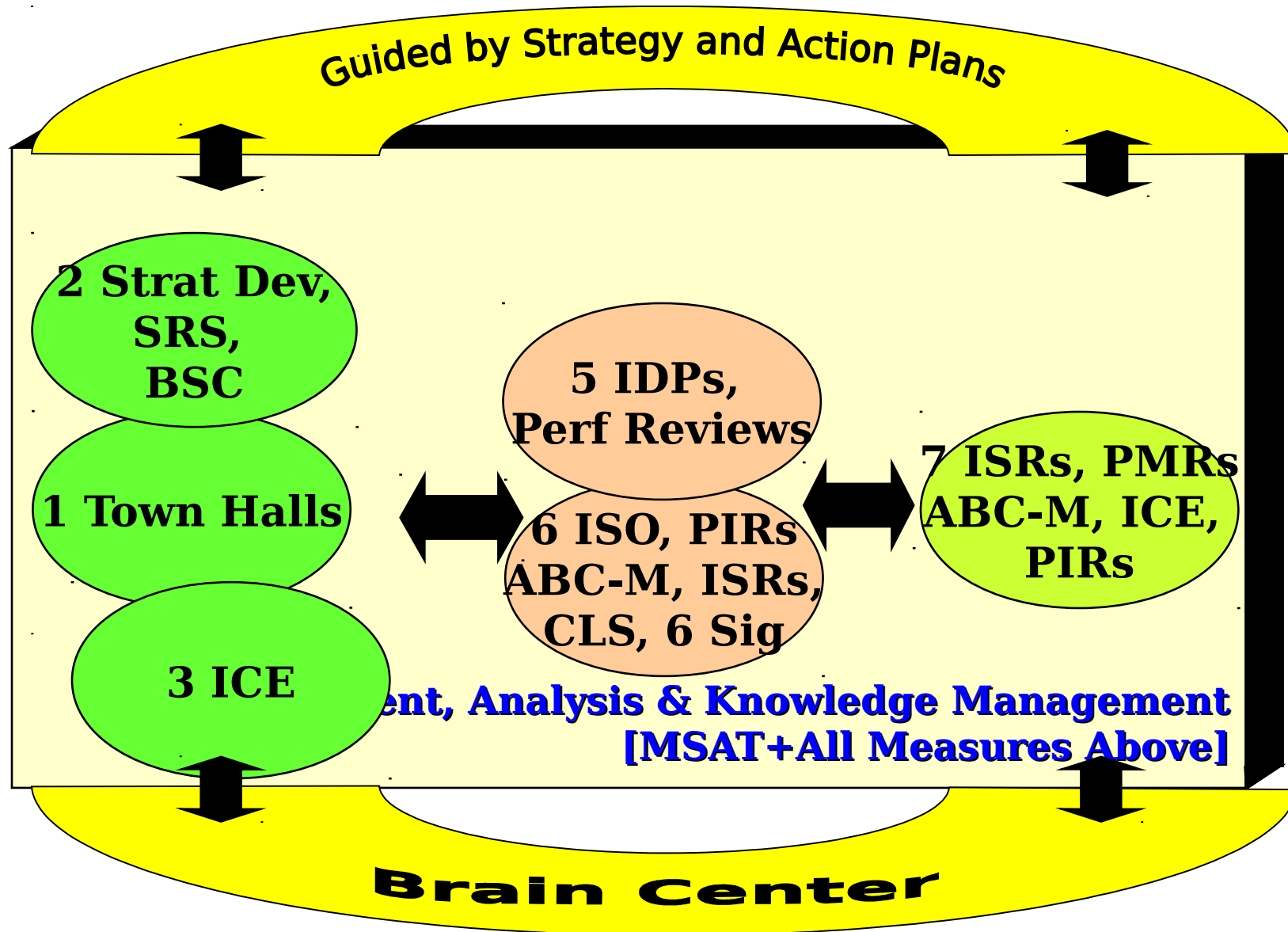
Integrated Management System



Integrated Performance Excellence Business Model



Integrated Performance Excellence Business Model



KEY

•Strat Dev - Strategy Development

•SRS - Strategic Readiness System

•BSC - Balanced Scorecard

•ICE - Integrated Customer Evaluation

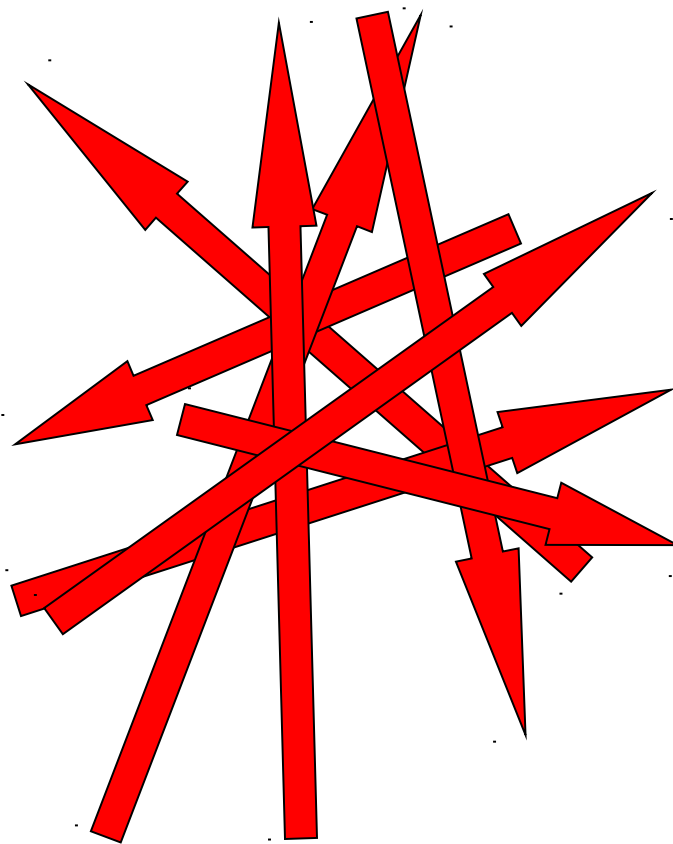
•IDPs - Individual Development Plan

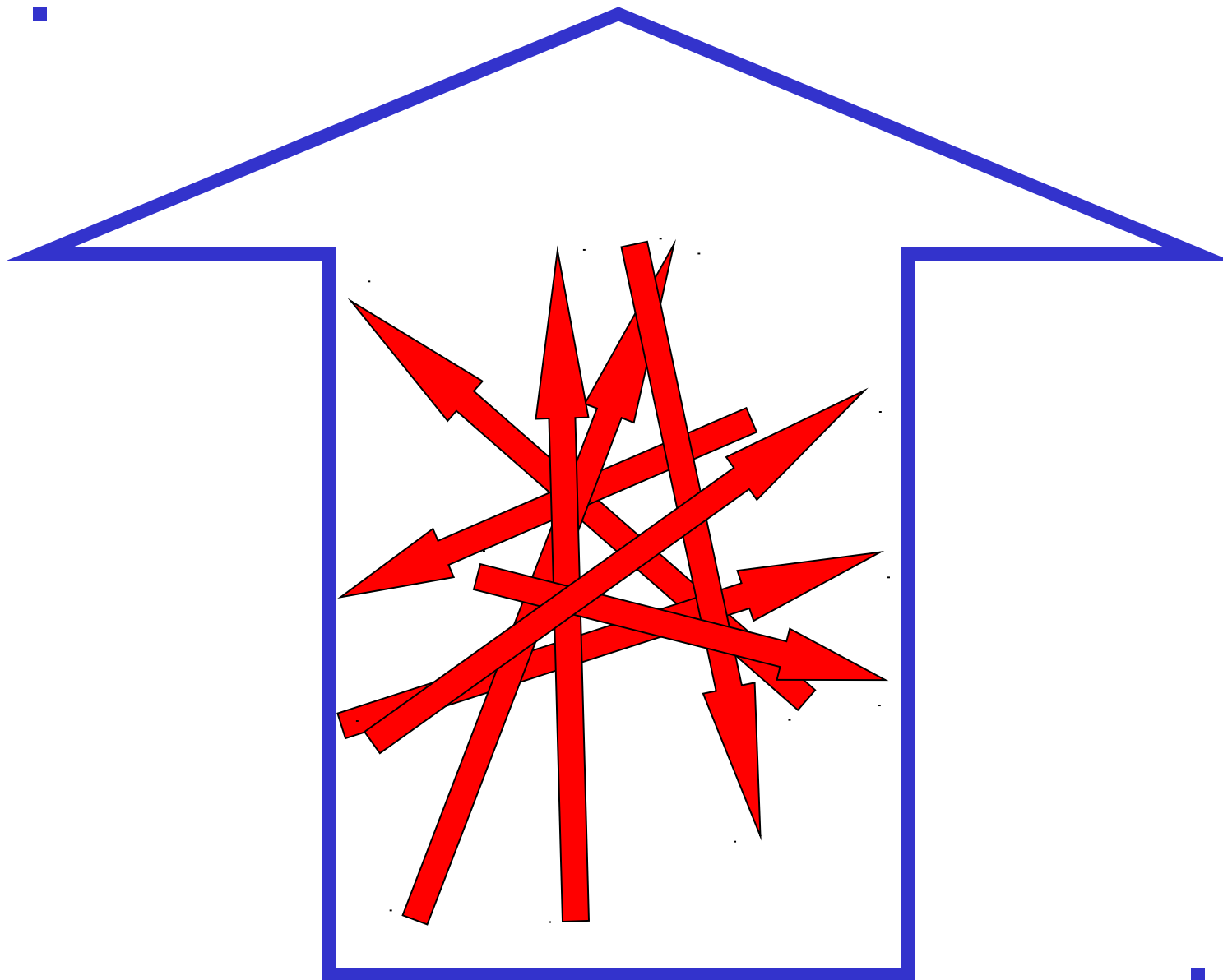
•ISO - International Standards Organization

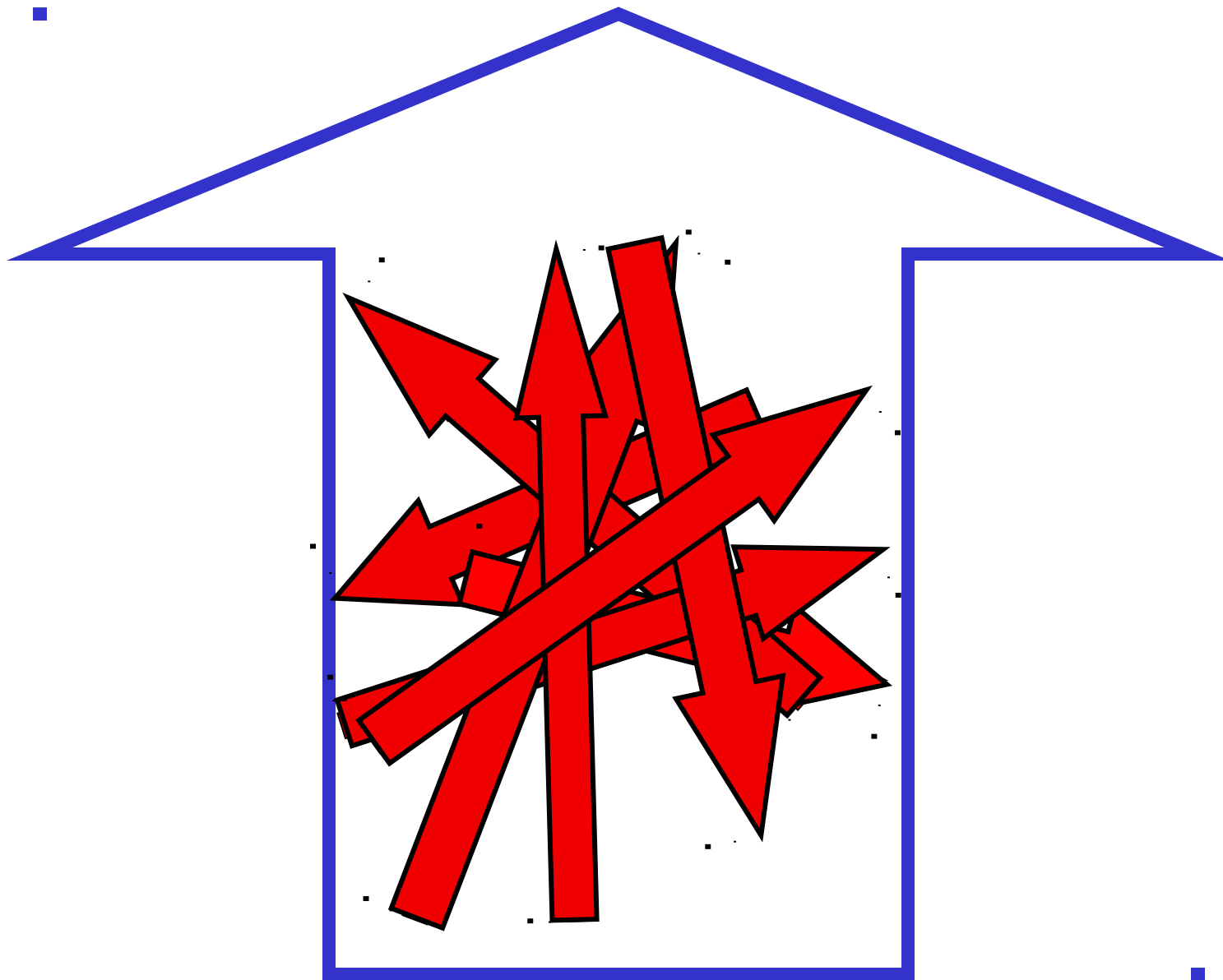
•PIR - Productivity Improvement Review

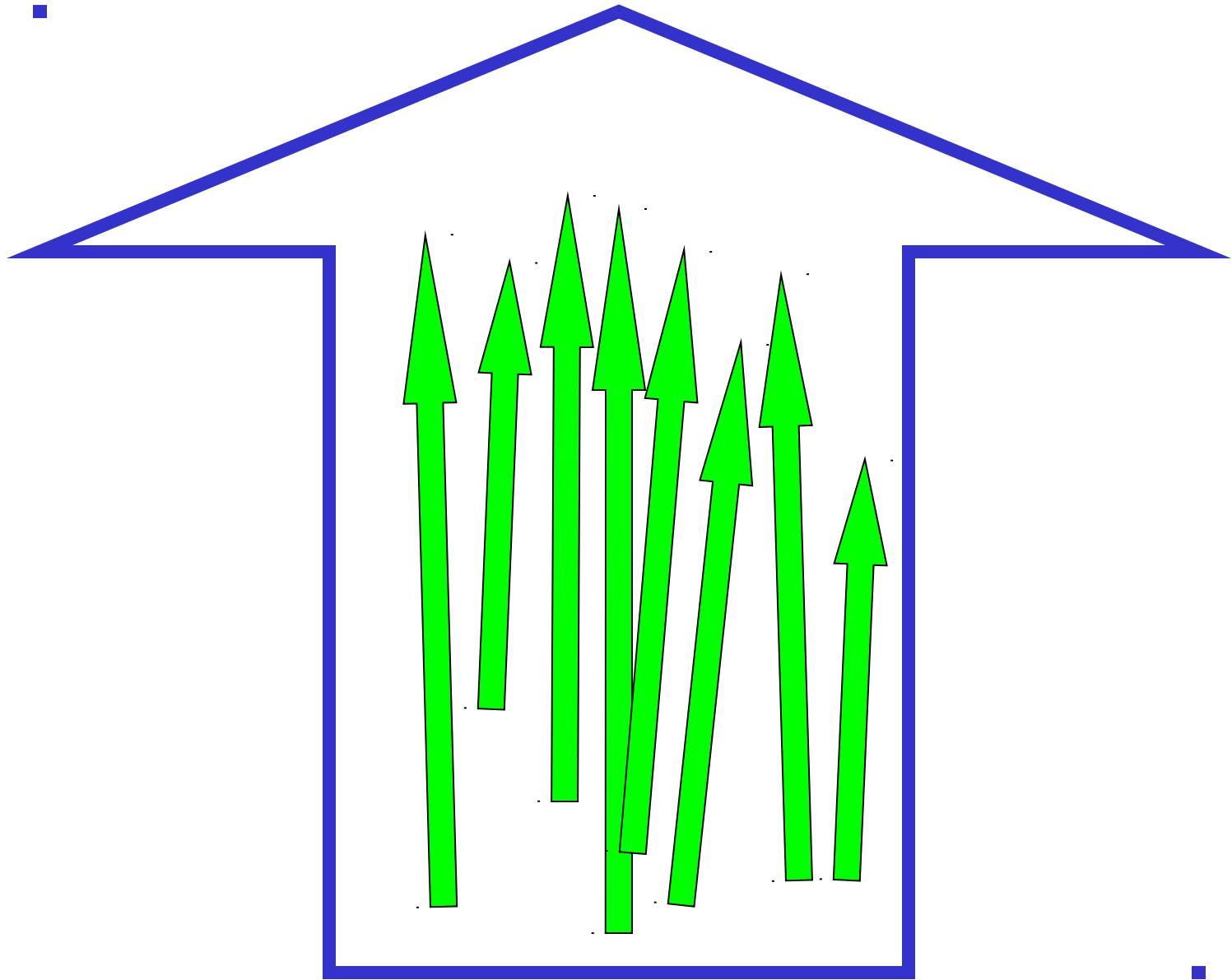
•ABC-M - Activity Based Costing-Management

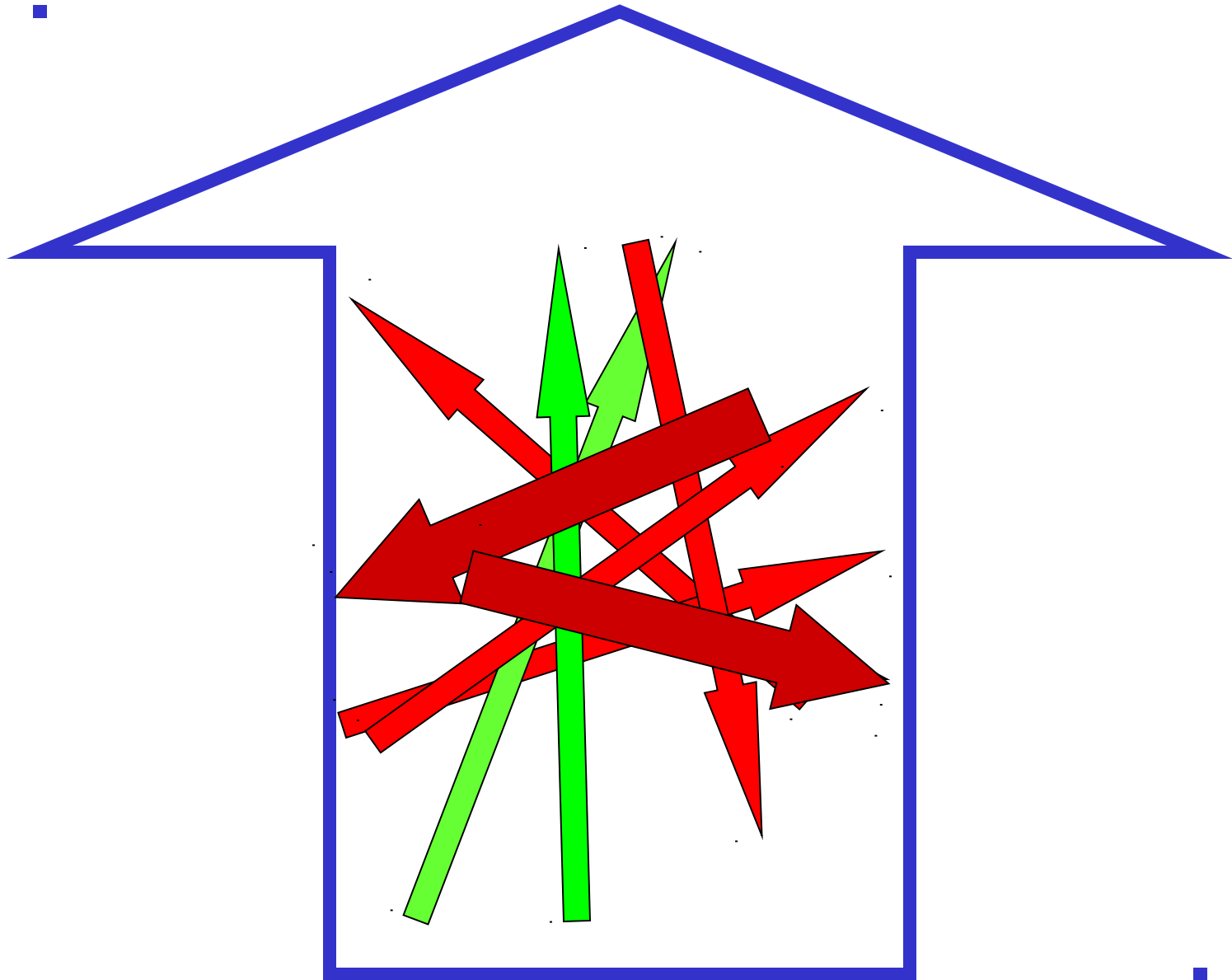
•ISR - Installation Status

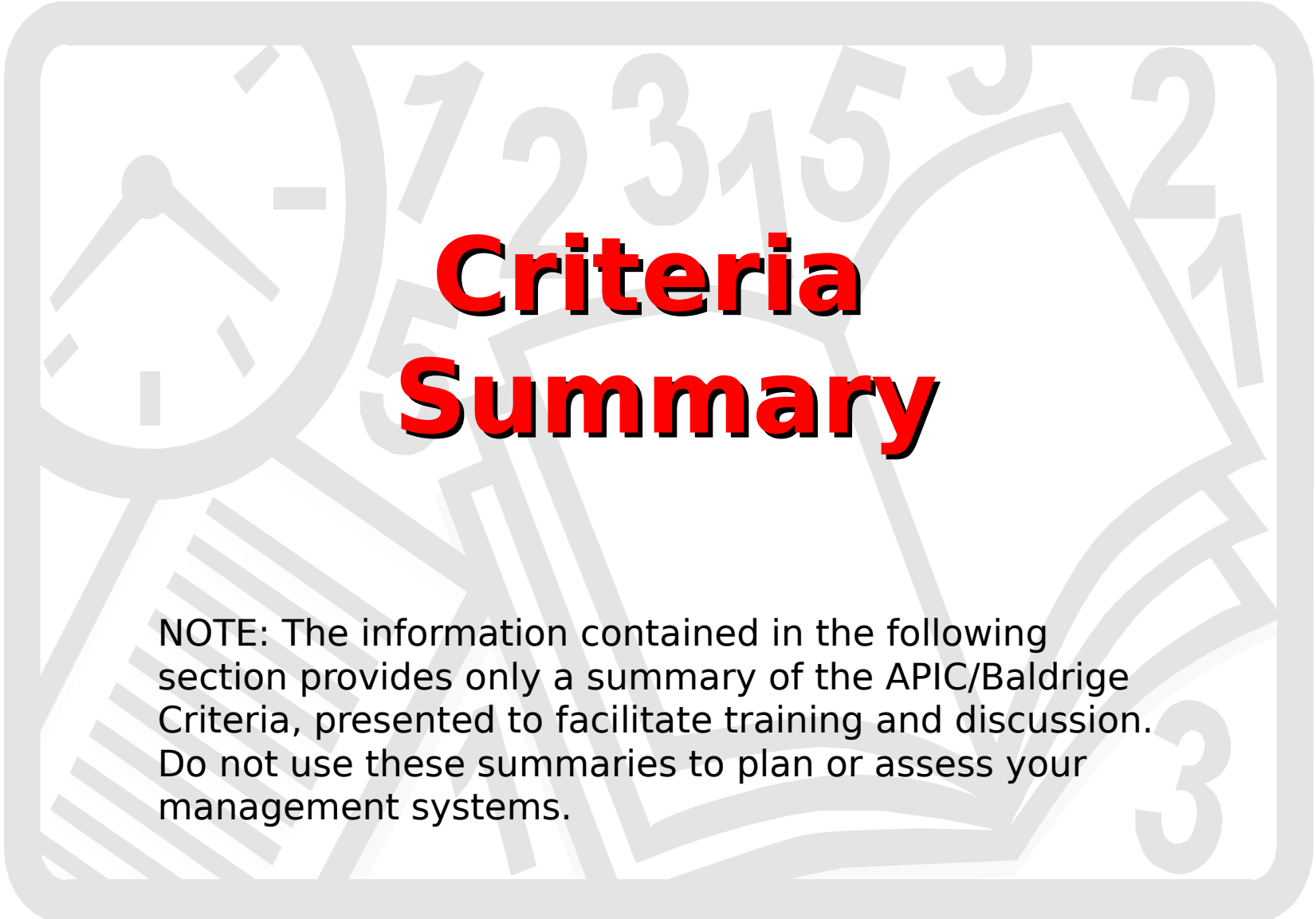










The background of the slide features a large, light gray graphic. On the left is a clock face with a single hand pointing towards the top right. To the right of the clock are several large, stylized numbers: 1, 2, 3, 1, 5, 2, and 3, arranged in a somewhat circular pattern. The main title is centered over this graphic.

Criteria Summary

NOTE: The information contained in the following section provides only a summary of the APIC/Baldrige Criteria, presented to facilitate training and discussion. Do not use these summaries to plan or assess your management systems.

Process Scoring Terms

- **Approach**
- **Deployment**
- **Learning**
- **Integration**

Process Scoring Terms

“Approach” refers to

- the **methods** used to accomplish the process
- the **appropriateness** of the methods to the Item requirements
- the **effectiveness** of use of the methods
- the degree to which the approach is **repeatable** and based on reliable data and information (i.e., **systematic**)

“Deployment” refers to the extent to which

- the approach applied in addressing Item requirements is **relevant** and important to the organization
- the approach is **applied consistently**
- the approach is **used by all appropriate work units**

Process Scoring Terms (continued)

“Learning” refers to

- refining the approach through **cycles of evaluation and improvement**
- encouraging **breakthrough change** to the approach through innovation
- **sharing of refinements and innovation** with other relevant work units and processes in the organization

“Integration” refers to the *extent* to which

- the approach is **aligned** with organizational needs identified in other Criteria Item requirements
- measures, information, and improvement systems are **complimentary** across processes and work units
- **plans, processes, results, analysis, learning, and actions are harmonized** across processes and work units to support organization-wide goals

PROCESS SCORING GUIDELINES (For Use With Categories 1-6)

SCORE	PROCESS
0% or 5%	▪ No systematic approach is evident; information is anecdotal. (A) ▪ Little or no deployment of an approach is evident. (D) ▪ An improvement orientation is not evident; improvement is achieved through reacting to problems. (L) ▪ No organizational alignment is evident; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	▪ The beginning of a systematic approach to the basic requirements of the Item is evident. (A) ▪ The approach is in the early stages of deployment in most areas or work units, inhibiting progress in achieving the basic requirements of the Item. (D) ▪ Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) ▪ The approach is aligned with other areas or work units largely through joint problem solving. (I)
30%, 35%, 40%, or 45%	▪ An effective, systematic approach, responsive to the basic requirements of the Item, is evident. (A) ▪ The approach is deployed, although some areas or work units are in early stages of deployment. (D) ▪ The beginning of a systematic approach to evaluation and improvement of key processes is evident. (L) ▪ The approach is in early stages of alignment with your basic organizational needs identified in response to the other Criteria

PROCESS SCORING GUIDELINES (For Use With Categories 1-6)

SCORE	PROCESS
50%, 55%, 60%, or 65%	- An effective, systematic approach, responsive to the <u>overall requirements</u> of the Item, is evident. (A) - The approach is well deployed, although deployment may vary in some areas or work units. (D) - A fact-based, systematic evaluation and improvement process and some organizational learning are in place for improving the efficiency and effectiveness of key processes. (L) - The approach is aligned with your organizational needs identified in response to the other Criteria Items. (I)
70%, 75%, 80%, or 85%	- An effective, systematic approach, responsive to the <u>multiple requirements</u> of the Item, is evident. (A) - The approach is well deployed, with no significant gaps. (D) Fact-based, systematic evaluation and improvement and organizational learning are key management tools; there is clear evidence of refinement and innovation as a result of organizational-level analysis and sharing. (L) - The approach is integrated with your organizational needs identified in response to the other Criteria Items. (I)
90%, 95%, or 100%	- An effective, systematic approach, fully responsive to the <u>multiple requirements</u> of the Item, is evident. (A) - The approach is fully deployed without significant weaknesses or gaps in any areas or work units. (D) Fact-based, systematic evaluation and improvement and organizational learning are key organization-wide tools; refinement and innovation, backed by analysis and sharing, are evident throughout the

Important Notice

- **The following pages contain summaries of the APIC/Baldrige Criteria for Performance Excellence for use as talking points in this class.**
- **These summaries should not be used when preparing an application or when analyzing an organization and preparing feedback.**

Organizational Profile (0 Points)

The Organizational Profile is a snapshot of your organization, the key influences on how you operate, and the key challenges you face.

P.1 Organizational Description: Describe your organization's business environment and your key relationships with customers, suppliers, partners, and stakeholders.

a. Organizational Environment: Describe the:

1. Main products and services and delivery mechanisms.
2. Culture, purpose, vision, mission, and values of the organization.
3. Employee profile: categories and types, educational levels, diversity, bargaining units, use of contract employees, special safety requirements.
4. Major technologies, equipment, and facilities.
5. Regulatory environment, including accreditation, registration, or certification requirements under which the organization operates.

b. Organizational Relationships: Describe the:

1. Organizational structure and governance system. Reporting relationships among the governance board, senior leaders, and parent organization, as appropriate.
2. Key customer and stakeholder groups and market segments. Key requirements and expectations for your products, services, and operations. Differences in requirements and expectations among customer and stakeholder groups and market segments.
3. The role suppliers and distributors play in value creation, key support processes, and organizational innovation processes. List the most important types of suppliers and distributors and the most important supply chain requirements.
4. Key supplier and customer partnering relationships and communication mechanisms.

Organizational Profile (continued)

P.2 Organizational Challenges:

a. **Competitive Environment.** Describe the:

1. Competitive position, relative size, and growth in the business sector/market served.
2. Principal factors that determine success relative to competitors/comparable organizations and key changes taking place that might affect competitive position.
3. Sources of comparative data for applicable analogous processes in and out of industry.

b. **Strategic Challenges:** Describe strategic challenges **associated with organizational sustainability**: operational, human resource, organizational and global.

c. **Performance Improvement System:** Describe the system for evaluating improving key processes in promoting organizational learning. Show how the organization systematically evaluates and improves key processes.

1 Leadership (120 Points)

1.1 Senior Leadership (70 points): Senior leaders must guide and sustain the organization, communicate with employees, and encourage high performance

a. Vision and Values

1. Set and deploy organizational vision and values throughout the leadership system, to all employees, suppliers, and partners. **Senior leaders' personal actions reflect a commitment to values.**
2. Foster/require legal and ethical behavior.
- 3. Create a sustainable organization**, and an environment for performance improvement, accomplishment of strategic objectives, innovation, organizational agility, and employee and organizational learning. **Participate in succession planning and future leadership development.**

b. Communication and Organizational Performance

1. Communicate with, empower, and motivate all employees. Encourage frank, two-way communication. Actively participate in employee reward/recognition to reinforce high performance, customer, and business focus.
2. Focus on action to accomplish organizational objectives, improve performance, and attain vision. Create and balance value for customers and stakeholders in performance expectations.

Some (not all) of the multiple requirements are listed in smaller black text above.

1 Leadership (continued)

1.2 Governance and Social Responsibility (50 points): The organization must systematically address its responsibilities to the public, ensure ethical behavior, and practice good citizenship

a. Organizational Governance

1. Use an effective governance system to ensure management and fiscal accountability, **transparency in operations and disclosure priorities for board members**, independence in internal and external audits, protection of stakeholder interests
- 2. Evaluate the performance of senior leaders, chief executive, and governing board members and use these evaluations to improve leadership effectiveness at all levels (from 1.1c(4) in 2004)**

b. Legal and Ethical Behavior

1. Address adverse impacts on society and anticipate and proactively address public concerns with current and future products, services, and operations.
2. Promote and ensure ethical behavior in all interactions, in the governance structure, throughout the organization and with customers and partners.
Monitor and respond to breaches of ethical behavior.

c. Support of Key Communities. Actively strengthen and support key communities important to the organization.

Some (not all) of the multiple requirements are listed in smaller black text above.

Effective Practices for Leadership

- **Leaders ensure that use of performance excellence systems is NOT optional**
- **Strong customer focus**
- Highly visible leaders
- Aggressive, measurable “stretch” goals
- Expresses and reinforces clear values
- Enables and empowers people at all levels, drives decision making downward in the organization; coaches rather than micro-manages
- **Substantial personal knowledge of integrated management systems and other effective tools to drive performance excellence**
- **Systematically evaluates and improves personal and organizational leadership effectiveness**
- Champion for ethics and good citizenship, monitors/audits ethics practices, **zero tolerance for unethical behavior within organization and among partners**
- **Embedded evaluation and improvement**

2 Strategic Planning (85 Points)

2.1 Strategy Development (40 points): The organization must systematically establish strategy and strategic objectives that address strategic challenges the organization faces; then summarize its key strategic objectives and related goals.

a.Strategy Development Process

1. Define steps in strategic planning, the key participants, and short- and longer-term planning horizons. **Ensure potential blind spots are identified.**
2. Address the following factors in the planning process:
 - Organizational **strengths, weaknesses, opportunities, and threats**
 - Indications of **major shifts in technology, markets, competition, or the regulatory environment**
 - **Long-term organizational sustainability and business continuity in emergencies**
 - **The organization's ability to execute the strategic plan**

b.Strategic Objectives

1. Develop clear **strategic objectives (short- & long-term) with timetables.**
- 2.**Address challenges** in P2 and the needs of all key customers and stakeholders.

See the Criteria Notes for important descriptions of planning elements.

Some (not all) of the multiple requirements are listed in smaller black text above.

2 Strategic Planning (continued)

2.2 Strategy Deployment (45 points): The organization must convert its strategic objectives into action plans, summarize the action plans and related key performance measures/indicators and project its future performance on these key performance measures/indicators.

a. Action Plan Development and Deployment

1. Develop and deploy action plans to **achieve** and **sustain** strategic objectives. Allocate resources to accomplish action plans.

2. If circumstances require, have a process to rapidly modify and execute new plans.

3. Define key short- and longer-term action plans and *key changes required in operations, products, services, customers, and markets*, as needed.

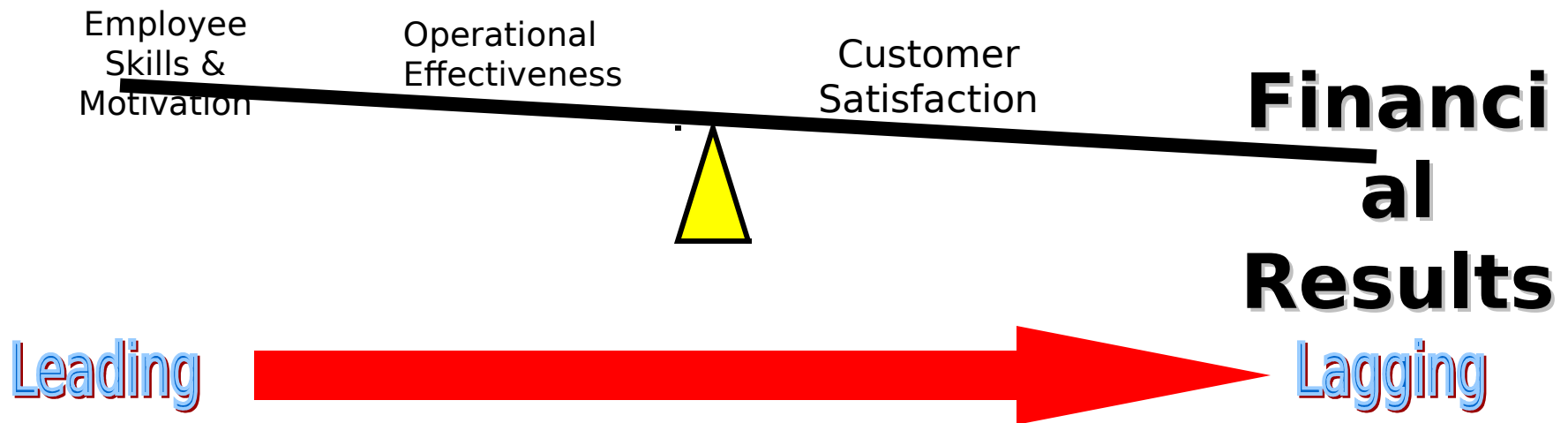
4. Develop and **define human resource plans** needed to implement strategic objectives and action plans.

5. Define key performance measures for tracking progress on action plans. Measures should **reinforce organizational alignment** and cover all key areas and stakeholders.

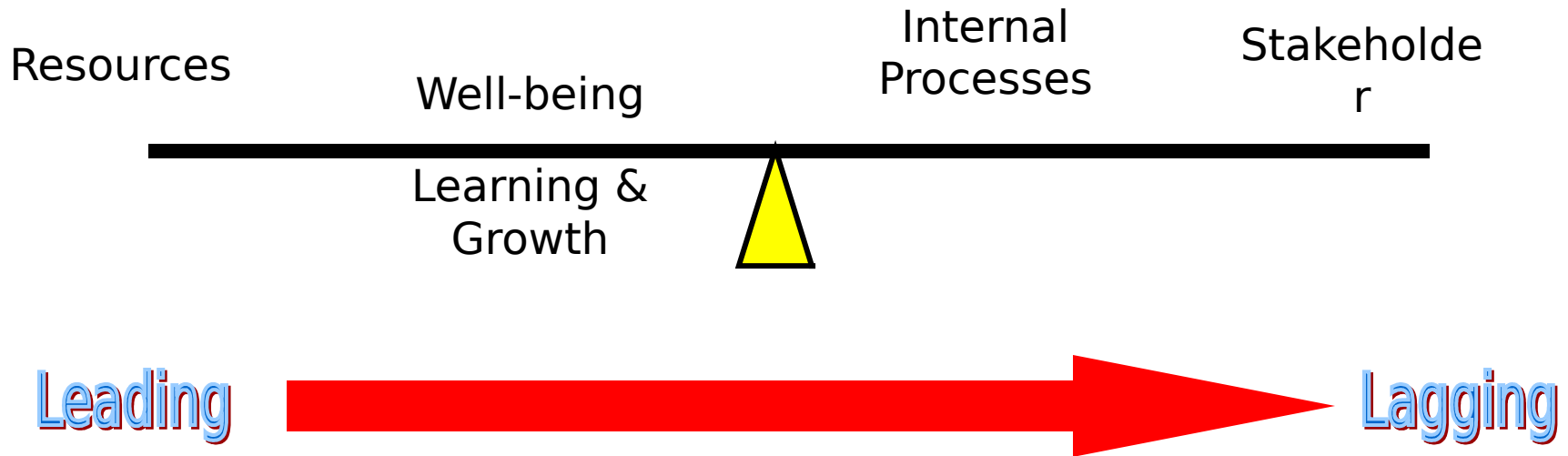
b. Performance Projection. Identify organizational performance projections and compare them with the projected performance of competitors or comparable organizations. *Address current or projected gaps in performance.*

Some (not all) of the multiple requirements are listed in smaller black text above.

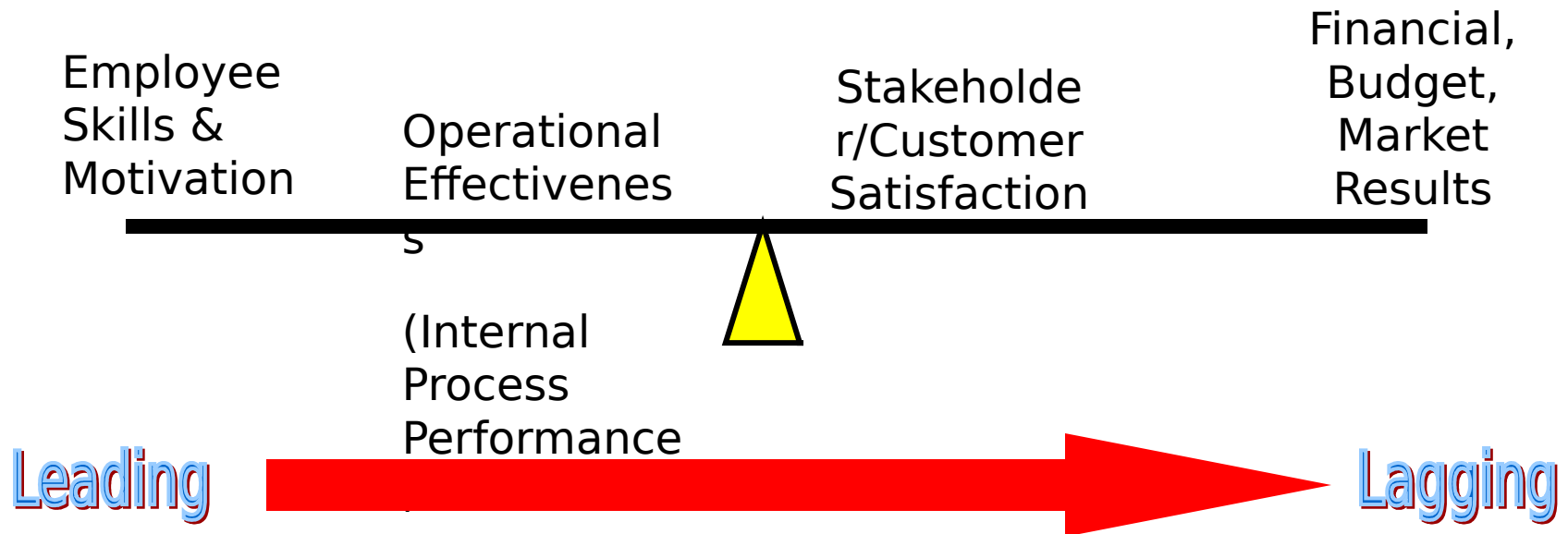
“Out-of-Balance” Leading and Lagging Outcomes: Excessive Reliance on Budget/Financial Indicators



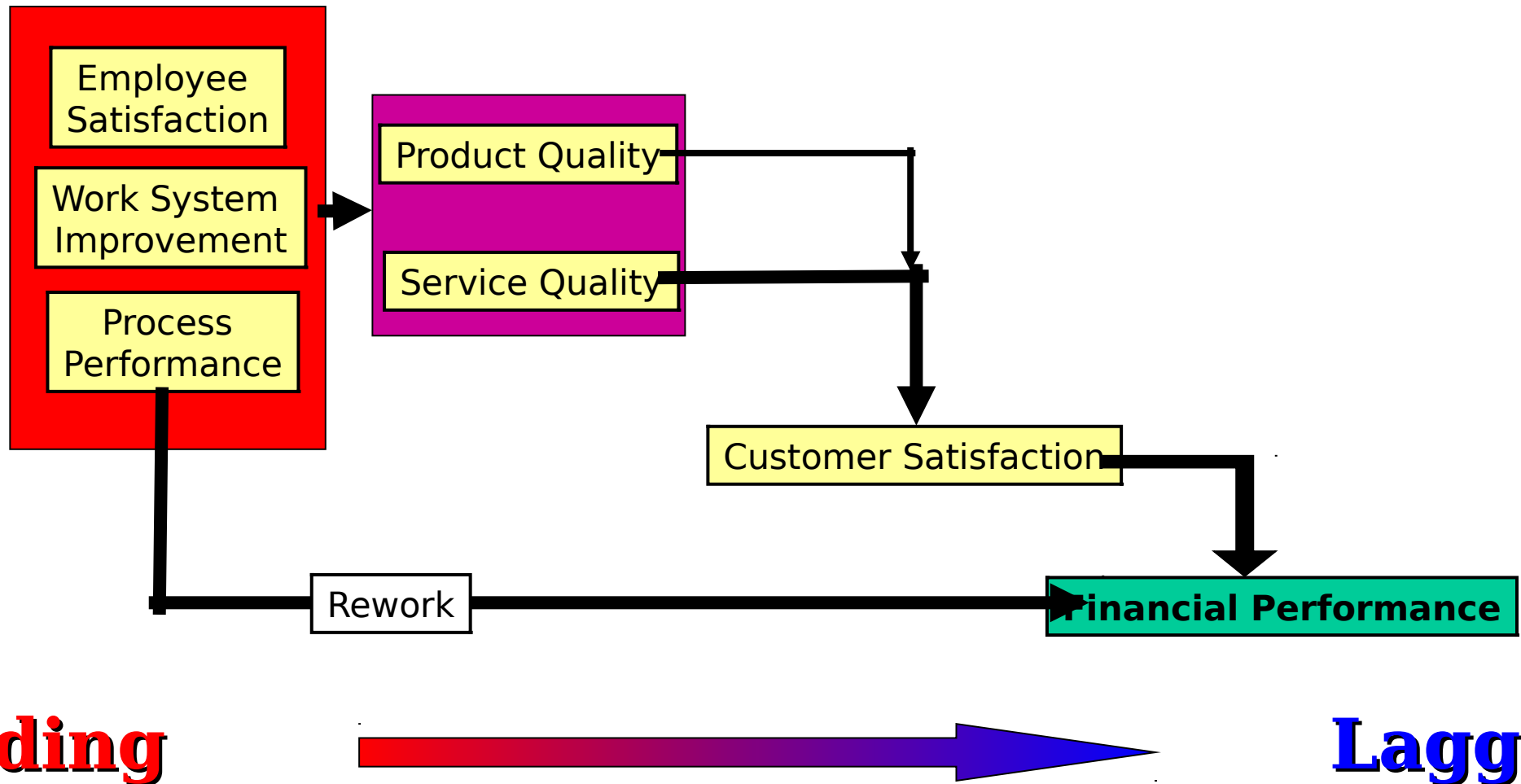
A “Balance” of Leading and Lagging Perspectives



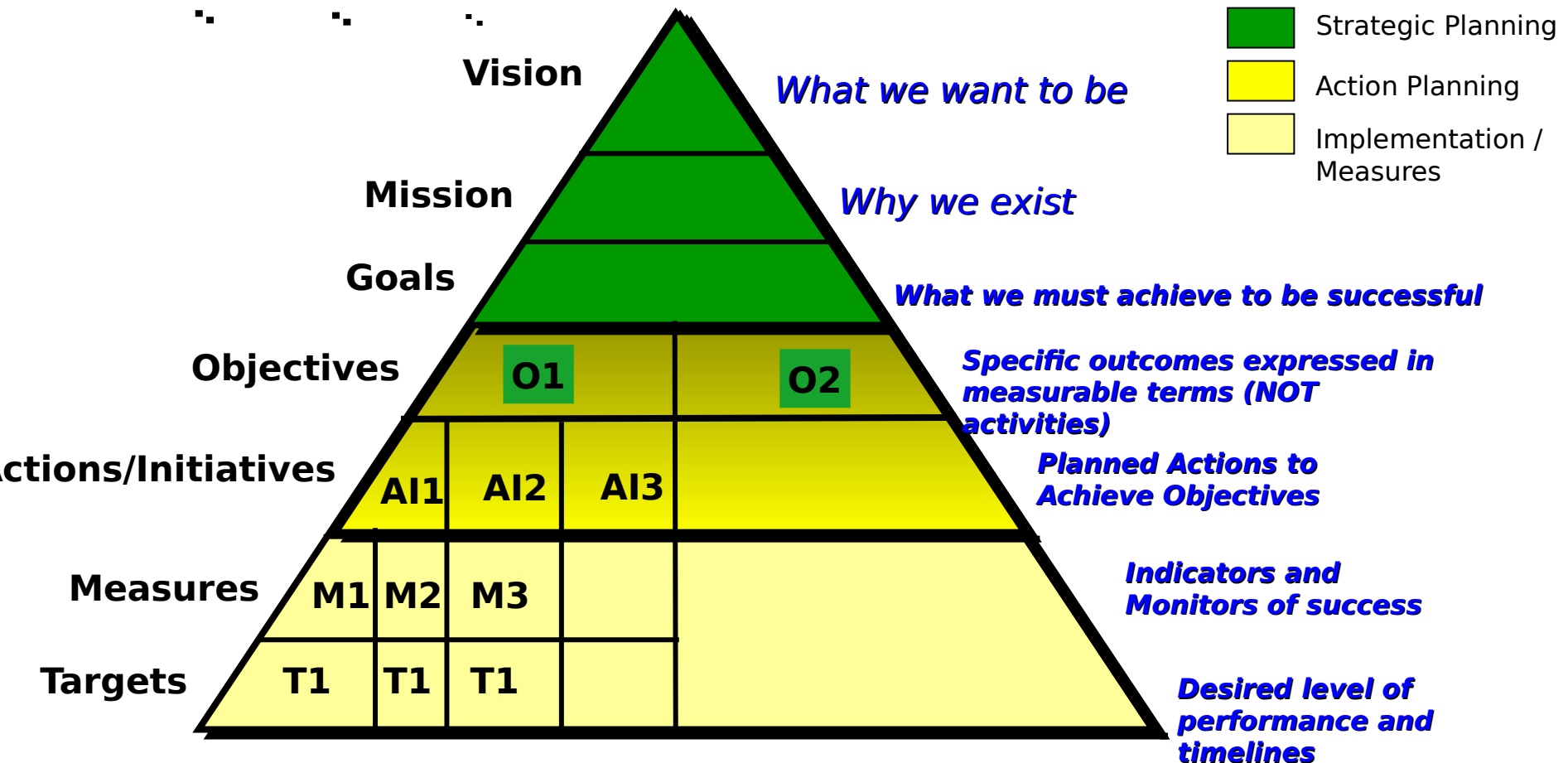
A “Balance” of Leading and Lagging Outcomes



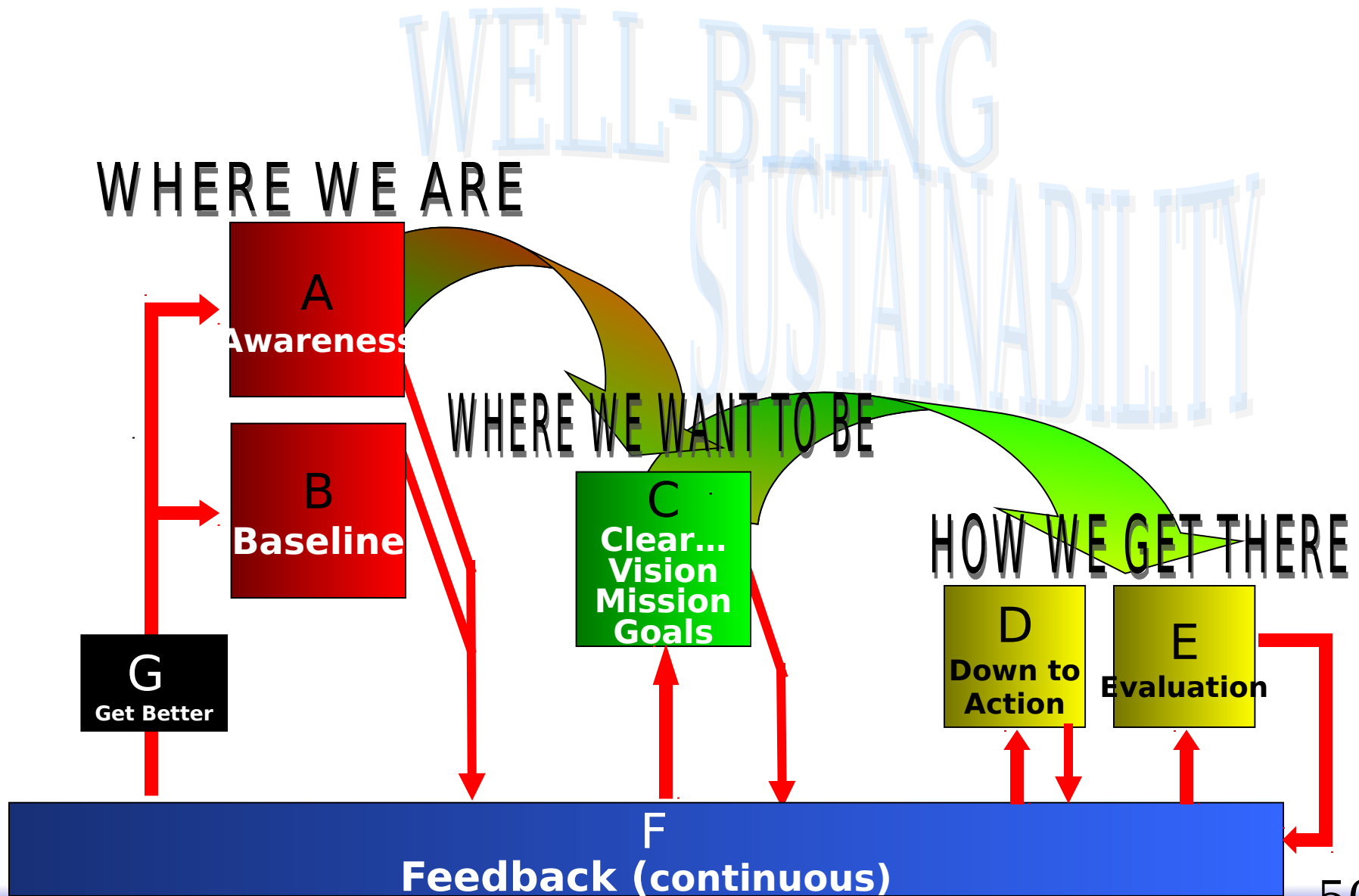
Consistent with Leading and Lagging Indicators Identified by Research



Balanced Scorecard Approach Links Key Elements of Strategic Planning



IMA Strategic Planning Model



A diagram consisting of three red rectangular boxes arranged horizontally. The first box on the left is labeled 'Participant'. The middle box is labeled 'Engagement Strategy'. The third box on the right is labeled 'Training'. All three boxes are connected by a single horizontal line, indicating they are part of a continuous process or system.



Effective Practices for Strategic Planning

- **Long-term and shorter-term outcomes (not merely activities) are defined in measurable terms.**
- Strategic plans are reviewed/refreshed at least annually.
- Measurable performance **outcome** timelines are identified for each strategic objective. **Timelines for expected performance outcomes are matched with review cycles so that the actual performance achieved can be compared with expected levels and adjustments made as needed such as semi-annual PMR reviews.**
- **Strategic planning drives resource requirements and resource allocations. When resources do not cover plan requirements, organization prioritizes to ensure the most important requirements are covered.**
- **Key performance goals and targets derived from customer/stakeholder requirements and other perspectives such as internal processes, learning and growth, and resources/budget which are deployed to all units.**
- **Everyone understands strategic objectives for which they have responsibility and the work they must do to achieve them.**
- **Embedded evaluation and improvement.**

3 Customer and Market Focus (85 points)

Before...

3.1 Customer and Market Knowledge (40 points): The organization must determine requirements, expectations, and preferences of customers and markets to ensure the continuing relevance of your products and services and to develop new opportunities

a. Customer and Market Knowledge

1. Determine (target) market and customer segments to pursue
2. Listen and learn about customer requirements expectations (including product and service features) and their relative importance to purchasing decisions. Use this information for planning, marketing, process improvements, other business development, and **to become more customer-focused and better satisfy customer needs**
3. Keep these processes current with changing needs and directions **including changes in the marketplace.**

Some (not all) of the multiple requirements are listed in smaller black text above.

After... 3. Customer and Market Focus (continued)

3.2 Customer Relationships and Satisfaction (45 points): The organization must build relationships to acquire, satisfy, and retain customers; increase customer loyalty; and develop new opportunities. It must also determine customer satisfaction.

a. Customer Relationship Building

1. Build relationships to satisfy customers, meet and exceed their expectations, and increase loyalty, referrals, and repeat business.
2. Make customer contact and feedback user friendly, **determine customer contact requirements**, and ensure everyone dealing with customers understands these requirements.
3. Resolve complaints effectively and promptly. Ensure complaint data are used to make improvements throughout organization and by partners. **Minimize customer dissatisfaction and loss of repeat business.**
4. Evaluate and improve relationship building processes to keep them current with changing needs and directions.

b. Customer Satisfaction Determination

1. Systematically determine customer satisfaction and dissatisfaction and use the information for improvement **and to secure future interactions**
2. Follow up with customers to receive prompt and actionable feedback.
3. Obtain and use data from customers of competitors/benchmarks.
4. Evaluate and improve satisfaction determination processes to keep them current with changing needs and directions.

Some (not all) of the multiple requirements are listed in smaller black text above.

Effective Practices for Customer and Market Focus

- Use of a variety of listening posts—determine **requirements and preferences**
 - Surveys and Comment Cards **[Interactive Customer Evaluation (ICE)]**
 - Products/service follow-ups
 - Customer-initiated Complaints
 - Turnover of customers
- Requirements and **preferences** of market segments defined
 - Surveys go beyond current customers and other customers
- **Frontline empowerment to resolve customer problems**
 - Specialized training in customer relations development for customer-facing employees
 - Attention to hiring, training, attitude, morale of customer-facing employees
- Focus on relationship management—exceed expectations in areas important to customers and other stakeholders
- **Embedded evaluation and improvement**

4 Measurement, Analysis, and Knowledge Management (90 Points)

4.1 Measurement, Analysis, and Review of Organizational Performance (45 points): The organization must measure, analyze, align, **review**, and improve its performance at all levels and in all parts of your organization.

a. Performance Measurement

1. Select, collect, align, and integrate data and information for tracking daily operations, organizational performance, and **progress relative to strategic objectives and action plans.**
2. Select comparative data and ensure effective use in daily operations (support effective decision making and innovation)
3. Keep performance measurement systems current with changing needs and unexpected external changes.

b. Performance Analysis and Review

- 1. Senior leaders and others review organizational performance and capabilities. Use these reviews to assess organizational success, competitive performance, progress relative to strategic objectives and action plans, and the organization's ability to respond rapidly to changing needs. [1.1b(1) in 04]**
- 2. Translate organizational performance review findings into priorities for continuous and breakthrough improvement and innovation and resource (re)allocation. [1.1b(3) in 2004]** Deploy these priorities to work group and functional operations (and appropriate suppliers and partners) to support decision making and organizational alignment.

Some (not all) of the multiple requirements are listed in smaller black text above.

4 Measurement, Analysis, and Knowledge Management (continued)

4.2 Information and Knowledge Management (45 points): The organization ensures the quality and availability of needed data and information for employees, suppliers/partners, and customers; and builds and manages its knowledge assets

a. Data and Information Availability

1. Ensure the needed data and information are available and accessible
2. Ensure hardware and software are reliable, secure, and user friendly

3. Ensure the continued availability of data and information and hardware and software systems in an emergency

4. Keep data availability mechanisms (including hardware and software) current with changing business needs and directions and changes in technology

b. Organizational Knowledge Management. Collect and transfer knowledge of employees, customers, suppliers, partners. **Rapidly** identify, share **and implement** best practices.

c. Data, Information, and Knowledge Quality. Ensure data accuracy (correctness), integrity (completeness) and reliability (consistency), timeliness (available when needed), and security (free from attack) and confidentiality (free from inappropriate release).

Some (not all) of the multiple requirements are listed in smaller black text above.

Effective Practices for Measurement, Analysis and Knowledge Management

- Strong fact-based orientation at all levels of the organization
 - **Data are consistently used for decision making at all levels to set and adjust priorities [Installation Status Report (ISR), Activity-Based Cost Management (ABC-M), Interactive Customer Evaluation (ICE), Program Management Review (PMR)] and new leading-type measures of services thru MSAT**
- **Measures linked to goals, strategy, action plans, training design, performance feedback, reward and recognition, value creation design, delivery, and improvement, and support process design, delivery, and improvement**
- Data are widely deployed, user friendly, and accessible
- **Strong analysis capability exists—proper analysis of the data supports decision making at all levels of the organization**
- Data systems are reliable and secure
- **Embedded evaluation and improvement**

5 Human Resource Focus (85 Points)

5.1 Work Systems (35 points): The organization's design of work and jobs and its compensation, career progression, and related workforce practices enable employees and the organization to achieve high performance

a. Organization and Management of Work

1. Organize and manage work and jobs **and skills** to promote cooperation, initiative, empowerment, innovation, organizational culture. Achieve agility to keep current with changing business needs and **to achieve action plans**
2. Capitalize on diverse ideas, cultures, and thinking
3. Achieve effective communication and skill sharing across work units, jobs, and locations

b. Employee Performance Management System Provide performance feedback and recognition/reward/compensation practices for employees that support objectives for high performance, business, and customer focus goals

c. Hiring and Career Progression

1. Identify skills needed by potential employees
2. Recruit, hire and retain employees. Employees represent diverse ideas, cultures, and thinking of employee hiring community.
3. Accomplish effective succession planning for leadership and management positions and manage effective career progression for all employees

Some (not all) of the multiple requirements are listed in smaller black text above.

5 Human Resource Focus (continued)

5.2 Employee Learning and Motivation (25 points): The organization provides employee education, training, and career development to support the achievement of the its overall objectives, contributes to high performance and builds employee knowledge, skills, and capabilities

a. Employee Education, Training, and Development

1. Education and training contribute to the achievement of action plans
2. Education, training, and development address new employee orientation, diversity, ethical business practices, management and leadership development, and employee, workplace, and environmental safety
3. Seek and use input from employees, supervisors, and managers on education, training, and development needs
4. Seek and use input from employees, supervisors, and managers in **determining delivery approaches.**
5. Reinforce the use of new knowledge and skills on the job, **retain knowledge for long-term organizational use, and transfer knowledge from departing or retiring employees**
6. Evaluate the effectiveness of education and training

b. Motivation and Career Development Motivate employees to develop their full potential and attain job- and career-related development and learning objectives

Some (not all) of the multiple requirements are listed in smaller black text above.

5 Human Resource Focus (continued)

5.3 Employee Well-Being and Satisfaction (25 points): The organization maintains a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees

a. Work Environment

- New for '05* **1. Proactively ensure** and improve workplace health, safety, security, and ergonomics and involve employees in workplace improvement efforts. Define measures and set improvement targets for these workplace factors and define differences in workplace factors, measures, or targets for different employee groups if they have different work environments
2. Prepare for emergencies and disasters

b. Employee Support and Satisfaction

1. Determine key factors that affect employee well-being, satisfaction, and motivation.
2. Provide services, benefits, and policies tailored to the needs of a diverse workforce.
3. Assess employee wellbeing, satisfaction, and motivation; considering factors such as retention, absenteeism, grievances, and productivity.
4. Identify improvement priorities that promote key organizational results. Relate assessment findings to results to set priorities.

Some (not all) of the multiple requirements are listed in smaller black text above.

Effective Practices for Human Resources Focus

- Comprehensive training and education integrated with strategic planning and related actions **[Learning Management System to track training and Individual Development Plan (IDP) tied to strategic objectives (in development by IMA)]**
- **Innovation is a part of everyone's key job requirements, built into performance plans and appraisals**
- Empowerment (effective decision making) promoted at all levels, flexible assignments
- **Team and individual recognition closely tied to high performance objectives and customer satisfaction [tied directly to strategic objective accomplishment as part of the annual employee performance review]**
- Systematically assess and improve employee satisfaction and employee involvement. Define areas to improve and systematically make improvements
- **Embedded evaluation and improvement**

6 Process Management (85 Points)

6.1 Value Creation Processes (45 points): The organization identifies and manages key processes for creating customer value and achieving business success and growth. Business processes that support value creation processes may include research and development, technology acquisition, information and knowledge management, supply chain management, project management, and sales/marketing to name a few.

a. Value Creation Processes

1. Determine and list product, service, and business processes that create or add value and show how they contribute to sustained profitability and business success.
2. Determine and list key value creation process requirements with appropriate input from customers, suppliers, and partners.
3. Design the value creation and business processes to meet all key requirements. Incorporate new technology, organizational knowledge, and the **potential need for agility** into the design of these processes. Address cycle time, productivity, and cost control and other efficiency and effectiveness factors.
 - **From the 2005 Health Care Criteria: Service delivery processes and likely outcomes are explained to set realistic customer expectations.**
4. Determine key performance measures to control (be consistent, predictable) and improve key processes (using in-process and outcome indicators). Use customer, supplier, and partner input to manage these processes.
5. Minimize costs associated with inspection, tests, and process performance audits —prevent defects and rework.
6. Systematically improve value creation processes to achieve better performance and share improvements **and lessons learned** across the organization **to drive learning and innovation**.

Some (not all) of the multiple requirements are listed in smaller black text above.

6 Process Management (continued)

6.2 Support Processes (40 points): The organization manages its key processes that support the value creation processes. It must have processes in place to provide for financial management and continuity of operations in an emergency. Support processes might include finance, accounting, facilities management, legal, human resources, project management, and administration processes.

- a. **Support Processes (Parallel with 6.1 requirements)** Design and introduce products and services to meet customer requirements and performance requirements to support value creation processes. Include input from internal and external customers, define key performance measures to control and improve, minimize overall costs from testing inspection, improve performance, and share with appropriate organizational units.
- b. **Operational Planning**
 - 1. **Ensure adequate financial resources are available to support your operations, current financial obligations, and ensure adequate resources are available to support major new business investments. Assess the financial risks associated with your current business operations and major new business investments.**

2. Ensure continuity of operations in the event of an emergency.

Some (not all) of the multiple requirements are listed in smaller track text above.

Effective Practices for Process Management

- Systematic design processes are in place to ensure customer requirements are included. Design and delivery systems cover all value creation and support services
- **Processes exist to ensure systems work as intended (Six Sigma, Lean, ISO-9001, ISO-14001)**
- **Processes exist to improve work processes to use fewer resources and meet more requirements (optimize resource use—sustainability). Tools include Productivity Improvement Review (PIR), Business Process Redesign (BPR), Activity-Based Cost Management (ABC-M), Performance Management Review (PMR), Six Sigma, Lean Manufacturing Tools**
- **Integration of prevention and correction with daily operations: customer feedback used to improve processes, products, and services for both value creation and support processes**
- **Embedded evaluation and improvement**

7 Business/Organizations Results (450 Points)

Business Results examines the organization's performance and improvement in areas important to organizational success.

New for '05 **7.1 Product and Service Outcomes (100 points)** report the trends and indicators of product and service outcomes broken out by appropriate customer groups and market segments.

7.2 Customer-Focused Results (70 points)

- (1) Report the satisfaction and dissatisfaction and perceived value of customers and other customers broken out by appropriate customer groups and market segments.

7.3 Financial and Market Results (70 points)

- (1) Report on key financial outcomes (e.g., return on investment, asset utilization, operating margins, value added per employee) and
- (2) report on market share, organizational growth, and new markets as appropriate.

7.4 Human Resource Results (70 points) report on indicators of:

- (1) Report on employee well-being, satisfaction, and dissatisfaction (e.g., satisfaction ratings, grievances, absenteeism, undesired attrition);
- (2) Report on employee development (to innovation and suggestion rates, courses completed, on-the-job performance improvements); and
- (3) Report on work system performance and effectiveness (e.g., job simplification, job rotation, changing supervisory ratios).

7 Business/Organizational Results (continued)

7.5 Organizational Effectiveness Results (70 points)

- (1) Report on operational performance of **key value creation** processes including productivity, cycle time, supplier and partner performance, and other appropriate measures of effectiveness and efficiency.
- (2) Report on operational performance of your **other key processes (support processes)** including productivity, cycle time, supplier and partner performance, and other appropriate measures of effectiveness and efficiency.

New for '05

7.6 Leadership and Social Responsibility (70 points)

- (1) **Report on accomplishment of organizational strategy and action plans [from 7.5a(3) in 2004].**
- (2) Report on key indicators of ethical behavior and of stakeholder trust in the senior leaders and governance. Report results for breaches of ethical behavior.
- (3) Report on current findings and trends in of fiscal accountability.
- (4) Report on regulatory and legal compliance.
- (5) Report on indicators of organizational citizenship in support of key communities.

Include appropriate comparative data--define what “good” means

Results Scoring Terms

“Results” refers to your organization’s **outputs and outcomes** in achieving the requirements in Items 7.1-7.6. The four factors used to evaluate results are:

- The organization’s current level of performance
- Rate (i.e., slope of trend data) and breadth (i.e., extent) of performance improvements
- **Performance relative to appropriate comparisons and/or benchmarks**
- **Linkage of results measures** (often through segmentation) to important customer, product and service, market, process, and action plan performance requirements identified in the Organizational Profile and in the Process Items

RESULTS SCORING GUIDELINES (For Use With Category 7)

SCORE	RESULTS
0% or 5%	▪ There are no business results or poor results in areas reported. ▪ Trend data are either not reported or show mainly adverse trends. ▪ Comparative information is not reported. ▪ Results are not reported for any areas of importance to your organization's key business requirements.
10%, 15%, 20%, or 25%	▪ A few business results are reported; there are some improvements and/or early good performance levels in a few areas. ▪ Little or no trend data are reported. ▪ Little or no comparative information is reported. ▪ Results are reported for a few areas of importance to your organization's key business requirements.
30%, 35%, 40%, or 45%	▪ Improvements and/or good performance levels are reported in many areas addressed in the Item requirements. ▪ Early stages of developing trends are evident. ▪ Early stages of obtaining comparative information are evident. ▪ Results are reported in many areas of importance to your organization's key business requirements.

RESULTS SCORING GUIDELINES (For Use With Category 7)

SCORE	RESULTS
50%, 55%, 60%, or 65%	▪ Improvement trends and/or good performance levels are reported for most areas addressed in the Item requirements. ▪ <u>No pattern of adverse trends and no poor performance levels</u> are evident in areas of importance to your organization's key business requirements. ▪ Some trends and/or current performance levels—evaluated against relevant comparisons and/or benchmarks—show areas of good to very good relative performance. ▪ Business results address most key customer, market, and process requirements.
70%, 75%, 80%, or 85%	▪ Current performance is good to excellent in most areas of importance to the Item requirements. ▪ Most improvement trends and/or current performance levels are sustained. ▪ Many to most reported trends and/or current performance levels—evaluated against relevant comparisons and/or benchmarks—show areas of leadership and very good relative performance. ▪ Business results address most key customer, market, process, and action plan requirements.
90%, 95%	▪ Current performance is excellence in most areas of importance to the Item requirements. ▪ Excellence improvement trends and/or sustained excellence

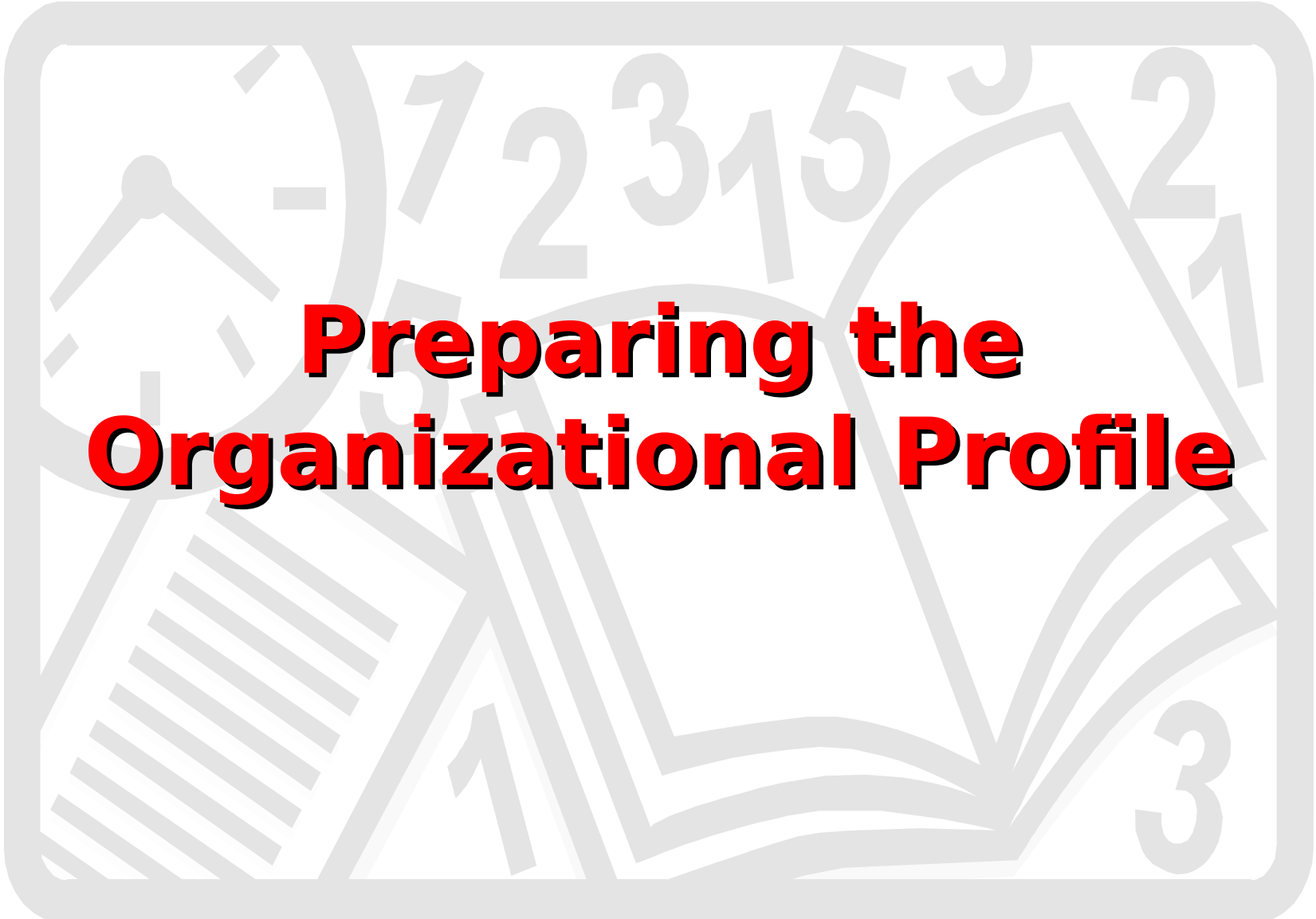
Creating a Table of Expected Results

Customer Segments	Requirements
Training for Soldiers: enhance the readiness and increase the combat effectiveness of units	Availability when needed of live fire ranges for small arms, tanks, artillery and for individuals, squads, platoons, and company units.
Well Being--providing the highest possible quality of life for soldiers, their families and civilian employees	Provide contemporary housing, with prompt repair of problems, provide efficient in-out processing, provide protection from crime

Figure P.1-3 Customer Segments and Requirements

Creating a Table of Expected Results

Item Ref.	Expected Results	Reference (source)	Actual Result	Comparison Data
7.2a(1)	Training for Soldiers			
	• Small Arms Ranges • Tank Ranges • Artillery Ranges • Individual • Squad • Platoon • Company	Fig P.1-3	No, only aggregate results: 7.2-1 overall satisfaction improving	No
7.2a(1)	Well Being			
	• Contemporary Housing • Prompt Repair • Efficient In-Out Processing	Fig P.1-3	7.2-10 to 12 community image 7.2-3 % Satisfied 7.2-5 % Satisfied	No No Yes, above average
7.1a	Well Being			
	• Prompt Repair • Efficient In-Out Processing • Crime Rate	Fig P.1-3	7.1-3 % repaired on time 7.1-2 Total Elapsed Time No data on cost per person	No No Yes, average

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Preparing the Organizational Profile

Preparing the Organizational Profile

The Organizational Profile helps the organization and the Examiners focus on key performance requirements and results. It is used by the Examiners in all stages of application review and during the site visit.

- Address what is most important to the organization, key influences on how it operates, and where it is headed.
- Many organizations make a mistake in preparing a superficial Organizational Profile.
- It should fully address all the required elements.

P1. Organizational Description

Describe the organization's business environment and key relationships with customers, suppliers, and partners.

P.1a Organizational Environment

P.1a(1) What are your organization's main products and services? What are the delivery mechanisms used to provide your products and services to your customers?

Customer Group	Product	Service	Delivery Method
Enter data			

From the CD in "Insights
to Performance Excellence 2005"

P.1a(2) What is your organizational culture? What are your stated purpose, vision, mission, and values?

Purpose	
Vision	
Mission	
Core Values	
Additional background information about your organization's culture that may be useful for examiners to know:	

Guidelines for Responding to Process Items

- The purpose of Approach/Deployment Items is to permit diagnosis of the organization's most important processes—the ones that enable rapid performance improvement and contribute to strong business results.
- Diagnosis and feedback depend heavily upon the content and completeness of Process Item responses. For this reason, it is important to respond to these Items by providing key process information. Explain the steps in key processes. Ensure that methods, processes, and practices are fully described. Use flowcharts to help examiners visualize your key processes.
- **For EVERY key required process in Categories 1-6:**
 - **Explain the method for evaluating or checking the effectiveness and efficiency of the process; and**
 - **Explain the improvements that have been made as a result of the evaluation. Show how these improvements are shared with all appropriate organizational units.**

Understand the Meaning of “How”

- Items requesting information on approach and deployment include questions that begin with the word “how.” Responses should outline and provide detail about key process information such as methods, measures, deployment, and evaluation-improvement-learning factors.
- ***Responses lacking such information, or merely providing an example, are referred to in the Scoring Guidelines as anecdotal information and are worth nothing.***

Show That Processes Are Systematic

- Ensure that the response describes a systematic approach, not merely an anecdotal example.
- **Systematic approaches are repeated, predictable, disciplined, and involve the consistent use of data and information to support decision making, evaluation, subsequent improvement, and learning. In other words, the approaches are consistent over time, build-in learning and evaluation, and show maturity through multiple improvement cycles.**
- Scores above 50 percent rely on clear evidence that approaches are systematic, evaluated, and refined. Generally, the more refinement and integration, the higher the score.

Show Deployment

- This is a difficult part of the narrative application that most writers fail to address.
 - Ensure that the response gives clear and sufficient information on deployment. For example, one must be able to determine from a response whether an approach described is used in one, some, most, or all parts of the organization. If the process is used everywhere, make the point clearly.
 - Deployment can be shown compactly by using summary tables that outline what is done in different parts of the organization. This is particularly effective if the basic approach is described in a narrative.

Show Alignment and Integration

There are four important factors to consider regarding integration.

1. The **Organizational Profile** should make clear what is important to organizational success and sustainability;
2. **Strategic and Action Plans** (including the measurable, outcome-oriented strategic objectives, timelines for accomplishing the objectives, action plans, and their measures) should highlight areas of greatest importance, describe deployment plan, and show how strategy alignment is accomplished. To show alignment, the strategic objectives should be consistent with the measures and analyses senior leaders use in Item 4.1b to monitor performance and set priorities for improvement. To show integration, the timelines (milestones) from 2.1b(1) should be consistent with the review cycles senior leaders use in Item 4.1b(1);
3. Descriptions of organizational-level analysis and review (Item 4.1) should show how the organization analyzes and reviews performance information to set priorities for improvement consistent with strategy; and
4. The **Process Management Category** should describe the value creation and support processes that are key to overall performance related to vision and strategic objectives.

Demonstrating Integration

To demonstrate system integration, pick several critical success factors and show how the organization manages them. For example, trace the leadership focus on performance:

- Identify performance-related data that are collected to indicate progress against goals (4.1).
- Show how strategic objectives and timelines [2.1b(1)] are consistent with the performance data that are analyzed and monitored by leaders [4.1b(1)] and used to set improvement priorities [4.1b(2)].
- Show how performance effectiveness is considered in the planning process [2.1a(2)] and how work at all levels is converted to actions and aligned to increase performance [2.2a] **(a thorough Balanced Score Card is a good way to do this)**.
- Demonstrate the impact of work systems management [5.1] and training [5.2] on performance and show how both tie to the strategy [2.1b(1)], related actions [2.2a(1)] and human resource plans [2.2a(4)].
- Show how customer concerns [3.1 and 3.2] are used to drive the selection of key measures [4.1a(1)] and impact value creation [6.1] and support processes [6.2]. Show how value creation (health care and education design and delivery) and support processes [6.1 and 6.2] are enhanced to improve results.

Respond Fully to All Item Requirements

- **Ensure that the response fully addresses all important parts of each Item and each Area and Sub-Area to Address [a(1), a(2), etc.].**
- Ensure “basic” requirements are addressed, then “overall”, then “multiple.”
- Missing information will be interpreted by Examiners as a gap in the process requirement. Components of an Item and Area to Address may be addressed individually or together but always identify Item references [1.1a(1)] in the margin heading. Information presented in another part of the application does not need to be repeated.

Use a Compact Format

- Make the best use of the 50 application pages permitted. Use flowcharts, tables, and “bulletized” presentation of information.
- Highlight examples of improvements as bullets in a table rather than a paragraph of text.

Cross-Reference Rather Than Repeat

- Each Item response should, as much as possible, be self-contained. However, some responses to different Items might be mutually reinforcing. It is then appropriate to refer to the other responses, rather than to repeat information and waste space. In such cases, key process information should be given in the Item requesting this information.
- For example, strategic planning processes and plan deployment processes should be described in detail in Items 2.1 and 2.2 respectively. Some of these processes may be used by senior leaders to communicate and set expectations for high performance (Item 1.1. The application might reference, but not repeat, this detail.

Refer to the Scoring Guidelines

- The evaluation of item responses considers the Criteria Item requirements and the maturity of the organization's approaches, breadth of deployment, and strength of the improvement process.
 - Therefore, consider both the Criteria and the scoring guidelines in preparing responses. In particular, remember that in order to score over 50 percent, organizations must demonstrate consistent fact-based evaluation and corresponding improvements of key requirements of the item.
- **The Scoring Guidelines make the evaluation and improvement requirement applicable to all Items in Categories 1 through 6, even if the details of the Item do not ask for a description of these techniques.** It will help the Examiners give you full credit for improved processes if an explanation is provided to show how the processes were, and continue to be, evaluated and refined.

Focus on Reporting Critical Results

- Results reported should cover the most important requirements for organization success, highlighted in the Organizational Profile, the Strategic Planning and Process Management categories, and included in responses to other Items, such as Human Resource Focus (Category 5) and Customer and Market Focus (Category 3).
- Effective presentation of results data include the following:
 - Trends show directions of results and rates of change, appropriately segmented;
 - Performance levels show performance on some meaningful measurement scale;
 - Comparisons show how trends or levels compare with those of other, appropriately selected organizations; and
 - All important results are presented.

No Minimum Time

- No minimum period of time is required for trend data. However, to be considered a trend, three or more data points are required.
 - However, results data might span several years or more for some results.
 - Trends might be much shorter for some of the organization's more recent improvement activities. Because of the importance of showing deployment and focus, new data should be included even if trends and comparisons are not yet well established. However, it may be better to report four quarterly measures covering a one-year period than two measures for beginning and end of year. The four measures help to demonstrate sustained performance (if one exists).

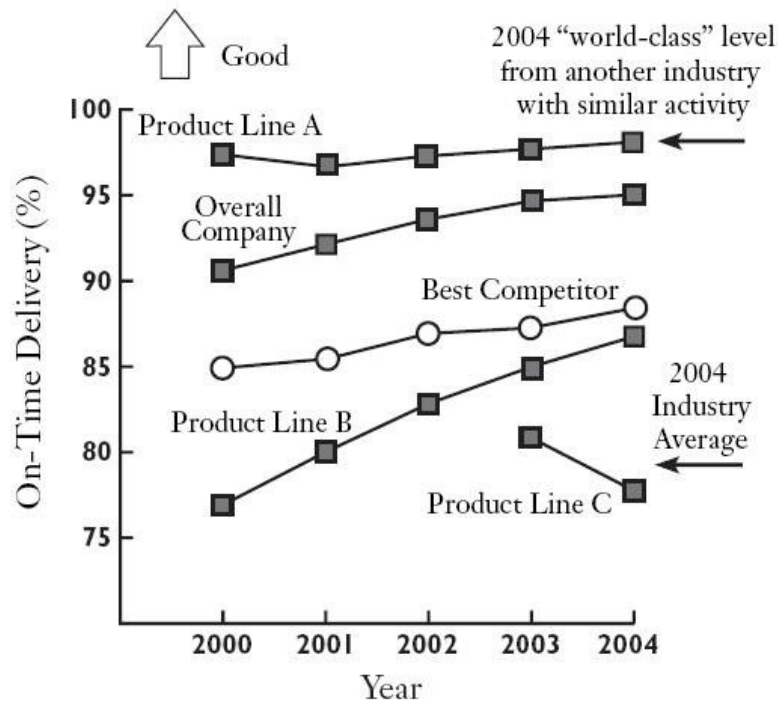
Compact Presentation

- Results should be reported compactly using graphs and tables. Graphs and tables should be labeled for easy interpretation.
- Results over time or compared with others should be “normalized”—presented in a way (such as use of ratios) that takes into account various size factors. For example, reporting safety trends in terms of lost workdays per 100 employees would be more meaningful than total lost workdays, if the number of employees has varied over the time period, or if you are comparing your results to organizations varying in size from yours.

Link Results with Text References

- Narrative descriptions of results and the related graphs should be close together in the application.
- Trends that show a significant positive or negative change should be explained.
- Use figure numbers that correspond to Items. For example, the third figure for Item 7.1 should be 7.1-3.

Figure 7.1-3 On-Time Delivery Performance



The graph illustrates data an organization might present as part of a response to Item 7.1, Product and Service Results. In the Organizational Profile, *the organization has indicated on-time delivery as a key customer requirement*. On the graph, the following characteristics of clear and effective data reporting are illustrated:

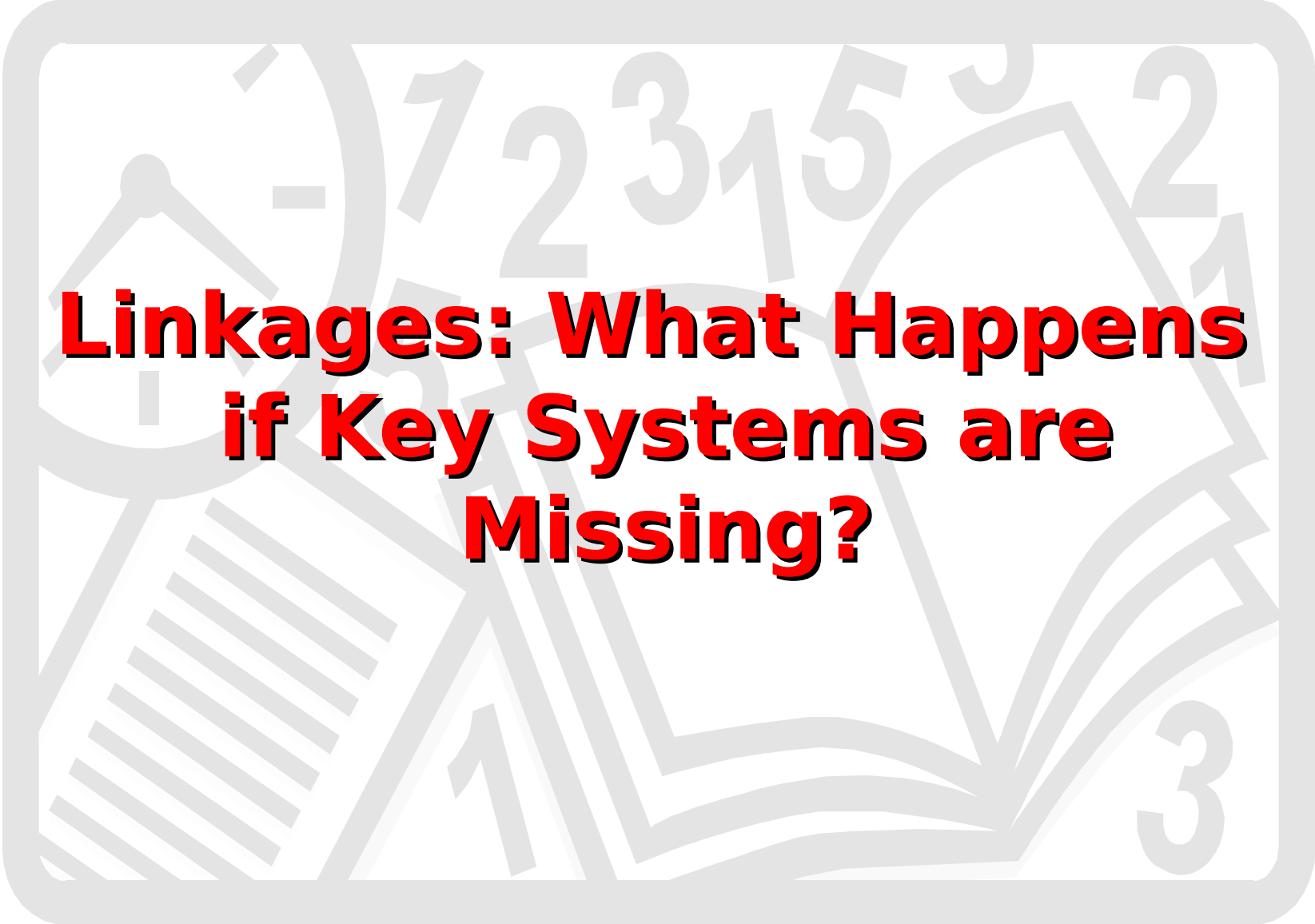
- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.

- Trend lines report data for a key customer requirement—on-time delivery.
 - Results are presented for several years.
 - Appropriate comparisons are clearly shown.
 - The company shows, using a single graph, that its three product lines are separately tracked for on-time delivery.
- To help interpret the Scoring Guidelines, the following comments on the graphed results would be appropriate:

- The current overall company performance level is *excellent*. This conclusion is supported by the comparison with industry competitors and with a “world-class” level.
- The company shows excellent improvement trends. Product Line A is the current performance leader—showing sustained high performance (on-time delivery) and a slightly positive trend.
- Product Line B shows rapid improvement. Its delivery schedule is near that of the best industry competitor but trails the “world-class” level.

Complete Data

- Be sure that results data are displayed for all relevant customer, financial, market, human resource, and operational performance characteristics.
- If you indicate in other parts of the application (for example, Items 1.1, 1.2, 2.1, 2.2, 3.1, 3.2, 4.1, 4.2, 5.1, 5.2, 5.3, 6.1, and 6.2) that performance measures and goals are important be sure to include the results of these performance characteristics in Category 7. Otherwise Examiners will consider the information to be “missing” and reduce the score accordingly.
- As each relevant performance measure is identified in the assessment process, create a blank chart and label the axes. Define all units of measure, especially if they are industry-specific or unique to the applicant.
 - As data are collected, populate the charts. If expected data are not provided in the application, the score may be reduced.



Linkages: What Happens if Key Systems are Missing?

Missing Element

- **Systems to understand customer requirements**
- **Poor employee skills. Minimal initiative or self-direction.**

Adverse Consequence

- Design, build, and deliver an unsatisfactory program, product, or service.
- Excessive delay. Increased cost due to rework.
- Limited expansion opportunities.
- Unable to keep up with changing technology.
- Close monitoring of employees is required.
- Difficult to find better ways to carry out work.
- Low morale, motivation, and performance.

See page 26 of “*Insights 2005*” for more examples.

Missing Element Consequence

- **Data about customer satisfaction, key process performance, and overall organizational performance do not exist or are incomplete.**

Adverse

- It is difficult to engage employees in decision-making about their work.
- Decisions are made at higher levels on the basis of intuition or guess.
- Poor decision accuracy (too many incorrect decisions).
- Difficult to allocate resources appropriately or determine the best use of limited resources.

Missing Element Adverse Consequence

- **Leaders do not clearly set direction, performance expectations, vision, or values.**
 - **Plans do not contain measurable outcome-oriented objectives and a timeline for accomplishing each objective.**
- Subordinates to invent their own ideas and substitute them for a common set of performance expectations, vision, and values.
 - Significant inefficiencies: people throughout the organization work at cross-purposes, sub-optimizing organizational performance.
 - Leaders, managers, and employees do not know what level of performance is expected at any given time, making it difficult or impossible to effectively monitor progress.
 - Consistent accountability is not present.

Exercise—Identify Problems When Key Processes Are Missing

Objective:

Understand the linkages among the Criteria that relate to problems an organization might face.

Carry Out the Team Tasks in the Following Order:

1. Review your assigned problem.
2. Identify the Items in the Criteria where required processes may be missing that contribute to the assigned problem and may need to be addressed to resolve the problem.
3. From your list of possible missing processes in step 2, pick the top three you believe are most likely to cause the problem and explain your rationale. See the example that follows.

Team Report: Present your analysis to the class

Incomplete Sample

Problem: Employees complain that leaders operate in a reactive, fire-fighting mode, and constantly make decisions based on "gut feel" or by listening to the "last person in the office."

- 2 1.2a(2) Leaders may not have a system in place to collect employee feedback on leader effectiveness and take action to improve.
- 2.2a(1) Action plans and goals may be vague and not measurable, making it difficult (impossible) for leaders and managers to analyze, assess, and make fact-based decisions.
- 1 4.1a(1) Data may be collected but not made available to support decision making.
- 4.1b(1) Leaders may not consistently assess organizational success, competitive performance, and progress relative to strategic objectives and action plans. Systems to analyze and integrate data to make them useful may not exist, increasing the likelihood of deferring to intuition.
- 3 5.1a(3) Critical information is not usually shared within the organization.
- 6.1a(4) Critical performance requirements are not measured. Data do not exist to permit real time adjustments to work processes.

1 = rank order indicator

Exercise Problem Statements

- 1. Increasing numbers of staff are complaining that they do not get appropriately recognized for the work they do. Morale seems worse.**
- 2. Customers/stakeholders are complaining that problems with programs and services frequently recur and are not resolved to their satisfaction on a timely basis.**
- 3. Leaders in different parts and levels of the organization are not working to achieve common goals. They do not coordinate activities and are pulling the organization in many different directions, often working at cross-purposes, causing rework, and wasting resources.**
- 4. We keep changing directions every time a new commander is assigned. It is hard to sustain the gains we have made in the past.**



**Be Seen as Champions of
Performance Excellence:
Set Priorities and Lead
Improvements**

- **The process you have in place today is ideal....**
- *It's perfectly designed to produce the results (both good and bad) that you get today.*

Getting Better is NOT Optional!

- **To stay the same is to move backward in a competitive environment**
- **Leaders should create a sense of urgency**
- **Establish as an ongoing process—the way work is done—not a special project**
- **Every unit participates**
 - **Measurable improvement targets are set and monitored *at least* quarterly**
 - **Compensation is realigned to support new, customer-focused, high performance objectives (otherwise no one will think the effort is serious)**

Leadership Commitment

- **Employees know that not all existing systems add value. Commit to and demonstrate you can eliminate non value-adding work.**
 - **Review existing programs to determine gaps and redundancies and fix or remove them.**
- **Set clear objectives, then align actions and incentives to achieve the objectives**

Exercise—Communication

Objective:

- Plan personal communication
- **Close the knowledge gap between leaders and everyone else**

Assignment:

1. You have just participated in the APIC portion of the seminar.
Your fellow workers ask you what this stuff is all about. They want to know how this will affect them.
2. What do you tell them? Identify 3 to 5 key points that you think are most important. (Be sure you **communicate a message that is likely to motivate** them to excel, not put them to sleep.)
3. Prepare to share with the group.

A large, light gray background graphic within a rounded rectangle. It features a clock face on the left, a series of numbers (1, 2, 3, 1, 5, 3, 2, 1, 5) arranged in an arc at the top, and an open book at the bottom. The text "More Questions?" is centered in red with a black outline.

More Questions?

INSTALLATION MANAGEMENT AGENCY



“Sustain, Support and Defend”